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Boeing Reassesses the Damage Jetmaker to Slash Jobs and Output as Asia Slowdown Hits Hard

By Laurence Zuckerman
New York Times Service

NEW YORK — Acknowledging that the economic downturn in Asia would take a more serious toll on its business than it had previously thought, Boeing Co. has stunned investors and employees by announcing plans to scale back production in 1999 and cut more jobs over the next two years — perhaps as many as 20,000 more — than it had indicated in June.

As a result, Boeing, the world's largest aerospace company and the largest U.S. exporter, also said late Tuesday that its 1999 earnings would be between \$1.5 billion and \$1.8 billion, lower than the already greatly reduced estimate of \$2 billion it gave investors last summer. Boeing predicted that profits in 2000 would be even lower than in 1999.

Boeing said it would cut production of its highly profitable 747 jumbo jet to two a month from 3.5 a month in late 1999 and might even cut production to one a month in early 2000 if "market conditions fail to improve."

The news sent Boeing's shares tumbling. The stock closed down \$6.6875 at \$33.6875, leading a broader decline in the market.

The news indicated that Boeing was still struggling to recover from a disastrous decision in 1996 to raise production to record levels in order to meet booming demand from the world's airlines. The company ended up taking \$4 billion in charges and posting its first annual loss in 50 years in 1997 after its production

The Dollar			
New York	Wednesday 4 P.M.	previous close	
DM	1.6708	1.684	
Yen	120.125	122.15	
FF	5.805	5.846	
Pound	1.6675	1.6543	
The Dow			
Wednesday close	previous close	percent change	
89.00	9,084.54	-0.78%	
NASDAQ			
4.03	1,171.25	-0.34%	
NASDAQ			
8.55	1,895.20	-0.43%	

Boeing Hits Prices

U.S. stocks were lower Wednesday as Wall Street digested Boeing Co.'s announcement of an additional 20,000 job cuts and as Sears, Roebuck & Co. reduced its profit forecast in the midst of the Christmas shopping season. Page 13.

bockled under the strain. Despite a decade-long campaign designed to improve efficiency, Boeing now spends 20 percent to 30 percent more hours to produce each of its airplanes than it did in the early 1990s. Ever since the Asian economic crisis flared up last year, Boeing had been reluctant to admit that it would have a significant impact on its business, despite strong evidence to the contrary. That has now changed. "The situation in Asia has worsened dramatically," Philip

Europe's challenge: defense consolidation. Page 6.

Condit, Boeing's chief executive, told analysts Wednesday, adding that it was "much deeper and more prolonged than we had first estimated."

President Bill Clinton on Wednesday picked up that theme, saying that Boeing's problems demonstrated the need to restore growth to Asia. "I can't tell you how important it is from my point of view for the United States to be

actively involved in trying to restore the conditions of growth in Asia," he said, according to Reuters. "That's my goal, before it affects other industries, to try to get that growth going back in Asia."

Boeing is still committed to delivering 550 planes this year and a record 620 in 1999. Workers toiled through the Thanksgiving holiday to finish jets before the end of the year even as Boeing has been desperately

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Boeing is making sharp cuts in production, jobs and earnings estimates.

IMF and U.S. Mishandled Asia Crisis, World Bank Charges

'Substantial Risk' of Recession Remains, but Worst-Hit Nations May Start to Grow Again in 2000

By David E. Sanger
New York Times Service

WASHINGTON — The World Bank issued an implicit, searing assessment Wednesday of how its sister institution, the International Monetary Fund, had misjudged the financial crisis that began in Southeast Asia 18 months ago and had prescribed economic policies that turned investor panic into deep recessions.

In its first comprehensive history of the crisis, the World Bank predicts that the worst-hit nations will probably begin to stabilize in 1999 and to grow again in 2000. But, the report adds, "There is still a substantial risk that the world economy will plunge into recession in 1999."

The growth of global economic output, it projects, will drop this year to 1.8 percent from 3.2 percent in 1997 and will revive "only modestly" next year.

Top officials of the World Bank decided to delete direct references to the IMF and the U.S. Treasury from the report, describing events and decisions but not the officials or institutions that made them. But the report leaves little doubt about what the international lending bank views as the key misjudgment: The IMF's decision — with the advice of the U.S. Treasury — to press Thailand, Indonesia and South Korea to raise interest rates in an effort to stabilize their currencies.

The increases were intended to restore investors' confidence and keep them from selling off any easily liquidated assets they held in the afflicted countries. But the report concludes that the strategy backfired, creating a far larger disaster. It failed to save companies that had invested in overvalued real estate, said Joseph Stiglitz, chief economist of the World Bank, "because those firms were already dead."

But the high interest rates, he said, "created a huge number of bankruptcies" as small businesses suddenly could not pay off debts or buy raw materials. The result, he said, was that the countries were plunged into recession, "there was no early restoration of confidence and the currencies continued to fall for some time."

The tension between the World Bank and the IMF, both of which were created by the Bretton Woods agreement in 1944 to stabilize the world economy, has flared up repeatedly over the past 18 months. Their strategic disagreements have become part of a much broader debate over whether the severity of the crisis could have been lessened.

The IMF continues to insist that it made the best judgments it could, though at a seminar this week one Fund official conceded that the organization had made some judgments "too quickly" and mistakenly thought it was simply seeing a repeat of past currency crises.

But the World Bank report amounts to a blow-by-blow account of how misjudgments — by global investors, by Asian officials who were blind to the risks that they were taking by depending on short-term foreign investments and finally by international officials trying to repair the damage — multiplied the damage.

It also calls for a tremendous slowdown in the movement to deregulate financial markets in developing countries, a reversal of the policy that the IMF advocated as late as April 1997, just three months before the collapse of the Thai baht touched off the crisis.

Key General Of Bosnian Serb Forces Is Arrested

By Charles Trueheart
Washington Post Service

PARIS — U.S. troops arrested a key Bosnian Serb general Wednesday in connection with the worst massacre of Muslim civilians during the Balkan war and dispatched him to the Netherlands to stand trial for genocide.

General Radislav Krstic is the highest-ranking war crimes suspect yet to be taken into custody in The Hague, seat of the UN tribunal prosecuting war crimes and genocide in the 1992-95 conflict that pitted Serbs, Croats and Muslims against one another in the disintegrating former Yugoslavia.

Until his capture by American units of the NATO-led Stabilization Force in northeastern Bosnia, General Krstic's indictment by the tribunal had been a closely guarded secret, one of an unknown number of arrest warrants kept under seal to enhance the prospect of detention. General Krstic's sealed indictment was barely a month old.

The chief prosecutor in The Hague, Louise Arbour, described General Krstic's arrest as "very significant for the continuing work of the tribunal," which has been attacked for prosecuting suspects much further down the chain of command. Nearly a score of indictments of high-ranking officers or soldiers have been dropped in the past year in an effort to refocus the court on more significant wartime decision-makers such as General Krstic, who reported to the Bosnian Serb military commander, Ratko Mladic.

In a statement Wednesday, the secretary-general of NATO, Javier Solana, warned the 29 publicly indicted suspects still at large "to surrender immediately" to the tribunal, saying, "They, too, will be brought to justice."

The two most wanted Bosnian Serbs, General Mladic and the former political leader Radovan Karadzic, their whereabouts are no secret to North Atlantic Treaty Organization forces who are monitoring the peace in Bosnia and who have multiple mandates to arrest all suspects wanted in The Hague.

Mirza Hajric, a Bosnian Muslim official who welcomed the arrest, suggesting to the Reuters news agency that the action had made those two men's day of judgment imminent.

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Newstand Prices	
Bahrain	1,000 BD Mails
Cyprus	C £ 1.00
Denmark	17 DKK
Finland	12.00 FM
France	€ 9.95
Germany	€ 5.50
Greece	€ 5.50
India	€ 5.50
Japan	€ 5.50
Korea	€ 5.50
Malaysia	€ 5.50
Norway	€ 5.50
Poland	€ 5.50
Portugal	€ 5.50
Romania	€ 5.50
Saudi Arabia	€ 5.50
Spain	€ 5.50
Sweden	€ 5.50
Switzerland	€ 5.50
Taiwan	€ 5.50
Thailand	€ 5.50
UK	€ 5.50
USA	€ 5.50
Yugoslavia	€ 5.50

In Asia, a New Mutual Defense

U.S. to Offer Aid in Return for Access to Local Bases

By Michael Richardson
International Herald Tribune

SINGAPORE — The first of seven U.S. Navy ships in a battle group led by the aircraft carrier Carl Vinson dropped anchor in Singapore on Wednesday in a move that signals a major upgrading of the U.S. military presence in Southeast Asia.

Instead of seeking bases under American military control similar to those in Japan and South Korea, U.S. defense officials say they intend to negotiate new agreements with Southeast Asian countries that will increase U.S. access to local bases and support services.

In return, the United States will offer the armed forces of host nations better training and supplies. Washington also plans to offer cooperating countries finance so that they can buy U.S. military equipment, services and training, officials say.

Such an arrangement is calculated to appeal to cash-strapped armed forces in Southeast Asia that have had to curtail operational readiness and training because of deep cuts in defense budgets triggered by financial turmoil and economic recession in the region.

The aim of the higher American military profile, U.S. and Southeast Asian officials say, is to strengthen confidence in Washington's commitment to help maintain regional stability at a time of strategic uncertainty caused by the crisis.

Outlining U.S. plans, the deputy assistant secretary of defense, Kurt Campbell, said recently in Washington that the United States wanted to "increase our

The U.S. is seeking new Latin American bases for forces that must soon leave Panama. Page 6.

engagement with Southeast Asian militaries, particularly given the financial crisis and the lack of resources that are going to the militaries throughout Southeast Asia."

Reflecting American concerns about fanning the nationalist sentiments unleashed by the crisis, particularly in such countries as Malaysia and Indonesia, Mr. Campbell said the objective was to "find some-

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Turkey Selects a Veteran as New Leader

Ecevit, Prime Minister 3 Times in 1970s, Is Asked to Form Government

By Stephen Kinzer
New York Times Service

ISTANBUL — A week after the Turkish government fell in a corruption scandal, President Suleyman Demirel asked a veteran leftist politician known for his personal honesty, Bulent Ecevit, on Wednesday to form a new government.

Mr. Ecevit, who served as prime minister three times during the 1970s, said he would immediately begin working to fashion a government that could command a majority in the faction-ridden Parliament.

He also suggested that although Parliament has set April 18 as the date for

an election, he might seek to remain in power for a longer period.

"It is wrong to see this government as simply an election government," he said. "There are problems that will not wait until an election."

Military commanders, who hold ultimate power in Turkey, have quietly told senior political figures including President Demirel that they do not want a quick election. They fear it will produce a Parliament just as divided as the present one, perhaps with the Islamic-oriented Virtue Party as the largest bloc.

The commanders are also hoping to exclude two of the country's leading politicians — Mesut Yilmaz, the outgoing prime minister, and Tansu Ciller,

a former prime minister — neither of whom they trust, from posts in the new government.

Mr. Ecevit must now try to build a government that includes their center-right parties but not them.

In a meeting this week, the country's senior policymaking body, the National Security Council, which is dominated by military officers, set three priorities for the coming months. It said that whatever government emerges from forthcoming negotiations should dedicate itself to fighting religious fundamentalism, Kurdish nationalism and the criminal gangs that have infiltrated

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As Giant Copes With Oil Glut, Cuts Could Mean 'Loss to Society'

By Louis Uchitelle
New York Times Service

NEW YORK — For all the wealth of Exxon and Mobil — and all the market power inherent in the takeover of Mobil by Exxon — these two oil giants are essentially purveyors of an ordinary commodity, and commodities are a drag on the market today, cutting into profits everywhere and hurting national economies.

The proposed combination is essentially an attempt by Exxon and Mobil, particularly Mobil, to sustain profits. That helps explain why investors, rather than celebrate the deal, drove down the stock prices of both companies on the New York Stock Exchange on Tuesday. The stocks stabilized Wednesday, with Mobil closing at \$84.1875, up 43.75 cents, while Exxon slipped 37.5 cents to \$71.25.

The two companies are among the most profitable in the United States, but the current price of crude oil, at just over \$11 a barrel, is barely enough to cover

Exxon's exploration and production costs and less than what Mobil spends to find and retrieve oil and natural gas.

The cost reductions from the Exxon-Mobil accord "will come in many different areas," said Victor Burk, chief of Arthur Andersen's Energy Services Group. "Exxon and Mobil will combine their headquarters and back-office operations, and their purchases of supplies and services," Mr. Burk said. "As the world's biggest company, their negotiating power will be greatly enhanced. And they will try to reduce Mobil's costs for finding and developing oil reserves, bringing them more in line with Exxon's."

All of that cost-cutting cuts two ways for ordinary consumers: Lower costs mean lower prices for gasoline, plastics and other petroleum-based products. But this takeover, like other recent ones in the oil industry, represents a departure from traditional mergers, and that works against ordinary Americans, Peter Bernstein, an economist and consultant, said. "It used to be that mergers were to gain market share," he said, but the aim

in Exxon's takeover of Mobil is to cut costs, and that involves "losses to society." Cost-cutting, he said, "means people lose their jobs, and the impact on society of downsizing is probably on balance negative."

With oil prices unlikely to rise until Asian demand revives — probably many

Will bosses' styles clash? Page 2.

High antitrust hurdles. Page 13.

months in the future — other oil companies appear to be moving in the same direction. Total of France announced Tuesday that it had acquired a 41 percent stake in Petrofina of Belgium.

The plunge in commodity prices goes beyond oil, and beyond steel or textiles or grain or other basic materials that the word "commodity" brings to mind. Because of the collapse in Asian demand, a price index of 28 of these commodities has fallen by 25 percent since last spring. But in the modern economy, "commod-

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The Biggest Deals

In the year of the megadeal: Tuesday's announced combination of Exxon and Mobil would rank as the largest deal to date.	BUYER	ACQUIRED	VALUE OF DEAL, in billions
	Exxon	Mobil (pending)	\$80
	Travelers Group	Citicorp Oct. 95	70
	SEC Communications	Ameritech (pending)	62

Sources: Securities Data Co.

Exxon and Mobil / Are Bosses' Styles Compatible?

Big Oil's Colliding Cultures Go to the Altar

By Agis Salpukas
New York Times Service

NEW YORK — When the heads of most of the world's biggest oil companies were invited recently to the home of the Saudi ambassador to the United States, each of the seven tried valiantly to put his best foot forward. They had come here, after all, to discuss a tantalizing opportunity — helping Saudi Arabia develop its vast energy reserves.

Up first was the Exxon chairman, Lee Raymond, who delivered a trim, concise speech. He recited, from memory, statistics on Saudi natural gas reserves and suggested some specific ways Exxon might be able to help.

Five other executives followed him, each making low-key, carefully worded pitches. Finally, it was the turn of the Mobil chairman, Lucio Noto, who, characteristically, started off with a joke. Little had changed, he said, since Mobil had been the smallest partner in Aramco, the four-company partnership the Saudis nationalized in the 1970s. Now, once again, he was the last in line.

That shattered the meeting's icy atmosphere, allowing Mr. Noto to go into a lengthy discourse on the Saudi political landscape, ground that he was familiar with because he had known some Saudi princes when he lived in the country as a young Mobil executive two decades before.

The bosses at Exxon and Mobil, in short, have markedly different styles, making their proposed alliance seem an odd match indeed.

Not that it would be a marriage of equals, though. It is Mr. Raymond who would put a far bigger stamp on the combined company.

Mr. Raymond, 60, has always been clear and focused. He grew up in tiny Watertown, South Dakota, and, in 1963, armed with a doctorate in chemical engineering from the University of Minnesota, he joined Exxon as a production research engineer. In his methodical rise at Exxon, he never flinched from tough assignments, including overseeing the cleanup of the Exxon Valdez oil spill and the legal settlements that followed. He gained a reputation of being reserved and analytical, of investing Exxon's huge cash flow with great care. So it surprised no one when he was named chairman and chief executive in 1993.

Mr. Noto is also 60 but has a far quicker résumé. The son of Italian immigrants, he once pushed clothing-filled handcars in New York in the summer. Persistent and gregarious, he was able, soon after getting his M.B.A. at Cornell and starting his climb at Mobil, to impress the powerful with a savvy sense of political and economic trends. He was a dark horse when the top spot opened up in 1994, and even he was surprised when he was named chairman, president and chief executive.

And in many ways, each man does reflect the company he leads. Mobil, which spends millions to run opinion-laden advertisements and sponsors "Masterpiece Theater," has long been aggressive in courting public opinion. Run by strong executives who are given a lot of leeway to take risks, the company



The Mobil chairman, Lucio Noto, right, whispering to his Exxon counterpart, Lee Raymond, during a New York news conference about their alliance, which is considered an odd match.

found ways to make deals to get into Russia and Kazakhstan. And it is quick to apply new technology, leading the way, for instance, in credit card systems that allow pay-at-the-pump gasoline sales. Before Mr. Noto got on the scene, though, Mobil's return on equity was far from stellar.

Exxon, by contrast, run under the tight grip of Mr. Raymond and a small group of top executives, tries to avoid the limelight even when the news is good. It excels at squeezing the most return from the resources it has, but balks at taking political risks. And while its exploration skills are first-rate and its refineries and network of service stations are run with clockwork efficiency, it likes to limit its risk. For example, it preferred to let Royal Dutch/Shell show that oil and natural gas could be profitably recovered from fields lying thousands of feet under the ocean floor before it took the big plunge itself.

AND THE merged company, with Mr. Raymond in charge, would be likely to mirror the Exxon model, with the devotion to cost-cutting and engineering prowess that has made Exxon by far the most profitable of the oil majors. In an era of \$11-a-barrel oil, energy diplomacy and power politics, Mobil's specialties, may have to take a back seat for now.

Not that Mobil, and its distinctive style, would be entirely swallowed up. As in any marriage of opposites, analysts say, the beginning may be rocky, but later each may find that its partner has strengths that will shore up its own weaknesses.

But there could still be problems. "They are both so independent that they like to do things their way," said Fred Leffler, an oil analyst at Bear Stearns, said of Mr. Raymond and Mr. Noto. "That makes it almost impossible to get together in any amicable way."

Mathieu Zajdel, a managing director of Petroleum Finance Co., a consulting group based in Washington, who has worked with Mobil in Europe

over the years, foresees difficulties because Exxon is so much bigger.

The danger, analysts say, is that Mr. Raymond, so used to thinking of Exxon as a paragon of efficiency and profitability, would ride roughshod over Mobil. And the merger would, in fact, leave Mr. Noto playing a very limited role, as deputy chairman of a 19-member board that included just 6 directors from Mobil.

Mr. Raymond would take all the top positions — chairman, chief executive and president. And the headquarters of the new Exxon-Mobil would be in Irving, Texas, the Dallas suburb that is Exxon's home now, far from Mobil's home base in Fairfax, Virginia, which will house the company's management for refining and marketing.

Not that Mr. Noto would be surprised at his secondary role. The plunging crude oil prices that have put pressure on the whole industry have hit Mobil especially hard because it is smaller. Earlier this year, Mr. Noto began looking for a merger partner, approaching British Petroleum, Amoco and Conoco.

In August, though, when British Petroleum announced its \$48 billion takeover of Amoco, his options narrowed considerably. And talks with Conoco were called off when it became clear that it would not be a good fit.

Exxon was surely even tougher for Mr. Noto to crack because of its size and because Mr. Raymond had always been wary of the uncertainties of a merger.

Mr. Noto, however, is known for his persuasive powers. Two years ago he put together a joint marketing and refining venture with British Petroleum that has led to the shedding of thousands of jobs and the saving of about \$500 million a year in costs, a move that prompted other oil majors to form similar ventures.

The idea of a merger was born, Mr. Raymond said in an interview this week, in lower-level talks earlier this year about combining refining operations in Japan. When he and Mr. Noto attended a meeting together in June, Mr. Raymond brought up those talks and said, "Maybe we should talk about that."

To which Mr. Noto responded, "That and other things." Within three weeks, the two were talking about far closer ties.

Mr. Noto, sitting next to Mr. Raymond, acknowledged that the two had different styles, but said, "You don't run a company based on style."

The two companies, Mr. Noto stressed, have many things in common, like not basing "our strategy on what is popular today."

As soon as he took charge at Mobil, Mr. Noto made it clear that even though Mobil had already gone through the wringer, shedding 15,000 workers over the previous five years, it was just the beginning.

As for today's challenges, Mr. Noto and Mr. Raymond might be the ideal team. Mr. Noto was in Saudi Arabia from 1977 to 1985, making friends with some current Saudi leaders. And Mr. Raymond has the resources and skills to put projects together. Between them they may find a way back into the country with by far the largest oil reserves in the world.

U.S. Automakers Fight Claims of Aiding Nazis

Like Swiss Banks, Ford and GM Are Under Fire

By Michael Dobbs
Washington Post Service

WASHINGTON — Three years after Swiss banks became the target of a worldwide furor over their business dealings with Nazi Germany, major American auto companies find themselves embroiled in a similar debate.

Like the Swiss banks, the American automakers have vigorously denied that they assisted the Nazi war machine or that they significantly profited from the use of forced labor at their German subsidiaries during World War II. But historians and lawyers — researching class-action suits on behalf of former prisoners of war — are busy amassing evidence of collaboration by the companies with the Nazis.

The issues at stake for the carmakers go far beyond the relatively modest sums involved in settling any lawsuit. During the war, the companies established a reputation for themselves as "the arsenal of democracy" by transforming their production lines to make airplanes, tanks and trucks for the armies that defeated Adolf Hitler. They deny that their huge business interests in Nazi Germany had led them, wittingly or unwittingly, to also become "the arsenal of fascism."

Ford Motor Co. has mobilized dozens of historians, lawyers and researchers to fight a civil case brought by lawyers in Washington and New York who specialize in extracting large cash settlements from banks and insurance companies accused of defrauding Holocaust victims. Also, a book scheduled for publication next year will accuse General Motors Corp. of playing a key role in Hitler's invasions of Poland and the Soviet Union.

"General Motors was far more important to the Nazi war machine than Switzerland," said Bradford Snell, who has spent two decades researching a history of the world's largest automaker. "Switzerland was just a repository of looted funds. GM was an integral part of the German war effort. The Nazis could have invaded Poland and Russia without Switzerland. They could not have done so without GM."

Both General Motors and Ford insist that they bear little or no responsibility for the operations of their German subsidiaries, which controlled 70 percent of the German car market at the outbreak of war in 1939 and rapidly retooled themselves to become suppliers of war material to the German Army.

But documents discovered in German and American archives show a much more complicated picture. In certain instances, American managers of both GM and Ford went along with the conversion of their German plants to military production at a time when U.S. government documents show they were still resisting calls by the Roosevelt administration to step up military production in their American plants.

After three years of national soul-searching, the largest Swiss banks agreed in August to a \$1.25 billion settlement with Holocaust survivors, a step they had initially resisted. The controversy over business dealings with the Nazis has given new impetus to long-standing investigations into such issues as looted art, unpaid insurance benefits and the use of forced labor at German factories.

Although some of the allegations against GM and Ford surfaced during 1974 congressional hearings into monopoly practices in the automobile industry, American corporations had largely succeeded in playing down their connections to Nazi Germany.

As with Switzerland, their very success in projecting a wholesome, patriotic image of themselves is now being turned against them by their critics.

"When you think of Ford, you think of baseball and apple pie," said Miriam Kleinman, a researcher with a Washington law firm who spent weeks examining records at the National Archives in an attempt to build a case against the company. "You don't think of Hitler having a portrait of Henry Ford on his office wall in Munich."

Both Ford and General Motors declined requests for access to their war-time archives. A Ford spokesman, John

Spellich, defended his company's decision to maintain business ties with Nazi Germany on the grounds that the U.S. government continued to have diplomatic relations with Berlin until Pearl Harbor in December 1941. A GM spokesman, John Mueller, said his company lost day-to-day control over its German plants in September 1939 and "did not assist the Nazis in any way during World War II."

When U.S. troops invaded Europe in June 1944, they did so in jeeps, trucks and tanks manufactured by the Big Three — one of the largest mass production programs ever undertaken. It came as an unpleasant surprise to discover that the enemy was also driving trucks made by Ford and Adam Opel AG — a 100 percent GM-owned subsidiary — and flying Opel-built warplanes. Chrysler Corp.'s role in the German rearmament effort was much less significant.

When the U.S. Army liberated the Ford plants in Cologne and Berlin, they found destitute former workers confined behind barbed wire and company documents extolling the "genius of the Fuehrer," according to reports filed by soldiers at the scene. A U.S. Army report by an investigator, Henry Schneider, dated Sept. 5, 1945, accused the German branch of Ford of serving as "an arsenal of Nazism, at least for military vehicles" with the "consent" of the parent company in Michigan.

Mr. Spellich, the GM spokesman, described the Schneider report as "mischaracterization" of the activities of the American parent company and noted that American managers had frequently been kept in the dark by their German subordinates over events in Cologne.

Ford's and GM's relationships with the Nazis go back to the 1920s and 1930s, when the companies competed against each other for access to the lucrative German market. Hitler was an admirer of American mass production techniques and an avid reader of the anti-Semitic tracts of Henry Ford.

"I regard Henry Ford as my inspiration," Hitler told a Detroit News reporter two years before becoming chancellor in 1933, explaining why he kept a life-size portrait of the American automaker next to his desk.

Although Ford later renounced his anti-Semitic writings, he remained an admirer of Nazi Germany and sought to keep the United States out of World War II. In July 1938, four months after the German annexation of Austria, he accepted the highest medal that Nazi Germany could bestow on a foreigner, the Grand Cross of the German Eagle. The following month, a senior GM executive, James Mooney, received a similar medal for his "distinguished service to the Reich."

The importance of the American automakers went beyond making trucks for the German Army. The Schneider report, now available to researchers at the National Archives, states that American Ford agreed to a complicated barter deal that gave the Reich increased access to large quantities of strategic raw materials, notably rubber. Mr. Snell, the author, says that the Nazi armaments chief, Albert Speer, told him in 1977 that Hitler "would never have considered invading Poland" without synthetic-fuel technology provided by General Motors.

As war approached, it became increasingly difficult for American corporations like GM and Ford to operate in Germany without cooperating closely with the Nazi rearmament effort.

Documents show that the parent companies followed a conscious strategy of continuing to do business with the Nazis, rather than divest themselves of their German assets. Less than three weeks after the Nazi occupation of Czechoslovakia in March 1939, the chairman of GM, Alfred P. Sloan, defended this strategy as sound business practice, given the fact that the company's German operations were "highly profitable."

The internal politics of Nazi Germany "should not be considered the business of the management of General Motors," he wrote April 6, 1939, to a concerned shareholder. "We must conduct ourselves as a German organization" there.

AIDS Epidemic's Shadow Hangs Over South Africa

By Lynne Duke
Washington Post Service

JOHANNESBURG — As the spread of AIDS in Africa continues to thwart the continent's development, South Africa, the region's economic powerhouse, is showing such rapid AIDS growth that overall life expectancy here could fall by nearly a third over the next decade.

About 14 percent of South Africa's 32 million people are infected with the human immunodeficiency virus, or HIV, that causes AIDS, and 1,500 more are diagnosed with the virus each day, according to government statistics.

If the spread of the virus continues unabated, South Africa's overall life expectancy could fall from about 68 years to 48 in the first decade of the new millennium, according to government and UN statistics.

Long sheltered from AIDS because of its international isolation under apartheid, South Africa's AIDS rate is now making Southern Africa the center of the global AIDS epidemic.

Most of the countries hit hardest by AIDS are in Southern Africa, notably Botswana, Namibia, Zimbabwe and Swaziland.

Between 20 percent and 26 percent of adults in those countries are infected with HIV or have AIDS.

"We now know that despite these already very high levels of HIV infection, the worst is still to come in Southern Africa," said Peter Piot, ex-

ecutive director of the Joint United Nations Program on HIV/AIDS, which marked World AIDS Day on Monday in South Africa for the first time. "The region is facing a human disaster on a scale it has never seen before."

Of the 1.4 million people between the ages of 15 and 49 who were infected with HIV this year in nine Southern African countries, slightly more than 50 percent were in South Africa.

Health experts attribute the rapid increase to a variety of factors, ranging from disdain for condoms, to sluggish public awareness campaigns, to migrant labor patterns both inside and to and from South Africa.

South Africa's post-apartheid open-

ness has made for a degree of cross-border traffic unheard of when international sanctions against the former white-minority regime ensured the country's isolation.

Since the first AIDS deaths were recorded in the 1980s, 83 percent of the world's AIDS deaths have been in sub-Saharan Africa, and 95 percent of the world's AIDS orphans are African. This year, 70 percent of the world's newly infected people are in this sub-Saharan region.

The spread of the disease has economic as well as human costs. Economists say growth rates are hampered by the public and private expenditures necessitated by the epidemic. The UN

estimates that by 2005, South African businesses will be paying out AIDS-related employee benefits equivalent to 19 percent of salaries, versus 7 percent in 1995.

"AIDS has never posed a bigger threat to development," the UN AIDS program says.

South African officials are speaking about AIDS in blunter terms than ever before. President Nelson Mandela has even called for condom use.

"Although AIDS has been part of our lives for 15 years or more, we have kept silent about its true presence in our midst," said Mr. Mandela. "We have too often spoken of it as someone else's problem."

TRAVEL UPDATE

Train Delays in France

PARIS (AFP) — Disruption in French rail services due to a strike by ticket inspectors was set to continue for the seventh day Thursday as union leaders and management tried to iron out their differences.

The state-owned SNCF railroad said that traffic was disrupted Wednesday in most regions except in Brittany, north-west Picardy and the northern Pas-de-Calais regions.

Suburban trains in the Paris region that do not use ticket inspectors were running normally, as were high-speed

trains within France and those traveling to London, Brussels, Amsterdam and Cologne.

A Swiss Airline Closes

BERN (AP) — Geneva-based Swiss World Airways, facing financial troubles, has suspended flights until further notice, a Swiss aviation official said Wednesday.

The company started scheduled flights from Geneva to Newark, New Jersey, in September. It has been operating six round-trip flights a week with its single Boeing 767 jet.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe	Today	Friday	Saturday	Sunday
Algeria	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Austria	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Belgium	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Denmark	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
France	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Germany	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Greece	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Ireland	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Italy	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Japan	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Lebanon	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Malaysia	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Mexico	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
Norway	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Poland	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Portugal	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Romania	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Russia	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Spain	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Sweden	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Switzerland	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Turkey	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
U.S.	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°	High 72° Low 52°
U.K.	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°
Yugoslavia	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°	High 68° Low 48°

THE AMERICAS

Whither the Clinton Inquiry? Both Sides Wonder

By Dan Balz
and John F. Harris
Washington Post Service

WASHINGTON — If there is a strategy that House Judiciary Committee Republicans are following in their impeachment inquiry against President Bill Clinton, it is no longer evident — even to many of their Republican colleagues on Capitol Hill.

Actions taken by the committee this week, particularly the decision to expand the inquiry into Democratic fund-raising practices in the 1996 presidential campaign — a subject already explored by two other congressional panels — underscored the feeling that a solemn constitutional process has begun to veer out of control.

"There's a major concern that we let it out of the box and we don't know how to get it back in," said Representative Christopher Shays, Republican of Connecticut, who does not serve on the committee.

A federal judge on Wednesday gave permission to impeachment investigators in the House to read secret Justice Department memos laying out evidence of alleged fund-raising irregularities in Mr. Clinton's 1996 campaign. The Associated Press reported from Washington. U.S. District Judge Norma Holloway Johnson said one Republican and one Democrat from the House Judiciary Committee staff will be permitted to see the memos, written by the director of the FBI, Louis Freeh, and the prosecutor Charles LaBella. Attorney General Janet Reno has resisted recommendations by the two men to appoint a special counsel to investigate the fund-raising.

At a time when the impeachment proceeding had appeared to be heading toward a conclusion — with most Democrats and some Republicans favoring censuring the president for his attempts to conceal his affair with Monica Lewinsky — events this week

suggest it could spill into 1999, a prospect favored by neither Republicans nor Democrats.

Both House Republicans and Mr. Clinton's advisers say they want the process over, but actions in recent days have shown that neither side is ready to take the steps necessary to bring that about. Mr. Clinton's legalistic answers last week to 81 questions from the committee infuriated Republicans and seemed to embolden committee members to widen their inquiry.

But Republicans not on the committee despair that the Judiciary Committee's partisan tactics may be self-defeating. "We had an opportunity to shape this debate and we allowed it to slip away," said a Republican strategist with ties to the House leadership. "Our inability to manage this effectively should not be the reason this guy is allowed to commit perjury and get away with it, but that looks like where we're headed."

Some legal experts said the session on Tuesday underscored how unfocused the impeachment inquiry had become. The result has been to detract attention from examination of the most serious allegations in the report by the independent counsel Kenneth Starr — particularly obstruction of justice — and put a spotlight on the partisanship and procedures of the committee.

Throughout the year, Republicans assumed that by illustrating how serious Mr. Clinton's transgressions were, they would persuade the public that he deserved impeachment. That it has not turned out that way, in the view of some legal experts, reflects a failure to pursue a narrow case on the charges to which Mr. Clinton is most vulnerable.

Greg Mueller, a Republican strategist, said the hearing on the legal basis for a perjury charge that was held Tuesday should have been scheduled months ago. "I'm concerned that people have a roll-your-eyes mentality about this whole thing," he said.

The absence of a clear strategy within the committee has raised questions about who is in charge in the

House. The outgoing House speaker, Newt Gingrich, Republican of Georgia, is away on "personal time," according to his press secretary, Christina Martin. The speaker-designate, Boh Livingston, Republican of Louisiana, who has made clear his desire for the impeachment issue to be gone before he assumes office in January, does not appear to be exercising much influence at this point either.

Two months ago, Democrats were complaining that Mr. Gingrich was secretly calling the shots on the committee. On Tuesday the House minority leader, Richard Gephardt, Democrat of Missouri, appealed to Mr. Gingrich and Mr. Livingston to seize control.

"I fear this investigation is in chaos due to the lack of direction," Mr. Gephardt said in a letter. "I believe that it is incumbent on you to provide the leadership necessary to move the process forward."

Ms. Martin responded that "the matter lies squarely in Henry Hyde's hands."

White House advisers spent Tuesday trying to decipher the motives of House Republicans. One theory they advanced is that at least some Republicans see a dragged-out inquiry as a way to debilitate Mr. Clinton during the remaining two years of his presidency.

The White House, which until now has projected an air of detachment toward the committee, took the decision to expand the inquiry as a green light to attack.

The White House press secretary, Joe Lockhart, accused the panel of "going off on a variety of different fishing expeditions," adding, "When you look at the last 24 hours, you'll understand why the public has so little confidence in this process."

With the level of acrimony rising, the Clinton team on Wednesday seemed to be leaning against an offer to present a defense Dec. 8. "What's the point of getting in the middle of their mud-pie-throwing contest?" asked a White House official who did not want to be named. "There seems to be no benefit."



Henry Hyde, chairman of the House Judiciary Committee, presiding over impeachment hearings that have been criticized as lacking focus.

Jets Due to Pakistan Find a New Home

New Zealand Buys Planes That U.S. Refused to Deliver Despite Payment

By Steven Erlanger
New York Times Service

WASHINGTON — The United States has finally found a customer for the fighter planes that it sold to Pakistan but never delivered.

A day before Prime Minister Nawaz Sharif of Pakistan met with President Bill Clinton at the White House on Wednesday, New Zealand agreed to acquire the 28 F-16 fighters on a 10-year lease-boy arrangement for about \$105 million.

American officials confirmed the arrangement but not the price and said that many details remained to be worked out, including how much money will go directly to reimburse Pakistan and whether New Zealand can later upgrade to a newer model.

Pakistan had paid some \$650 million for 28 of 60 F-16 fighters it ordered

when a congressional amendment was triggered in 1990 that cut off all direct economic aid and military sales to Pakistan after President George Bush said he could no longer certify that Pakistan was not developing nuclear weapons.

But Washington refused to reimburse Pakistan, since the money was already spent to build the planes, and it has been searching interminably for nearly a decade to find another customer, while the planes remain in storage in Arizona.

In 1995, Mr. Clinton said that the situation was unfair and that he would try to rectify it. But an effort in 1996 to sell nine of the planes to Indonesia for \$200 million was abandoned because of congressional objections to Indonesia's human rights record.

Pakistan's nuclear program, which was almost entirely dependent on Chinese expertise and aid, was under-

taken in response to India's nuclear program.

In May, after India conducted nuclear tests, Pakistan also did so, bringing down further economic sanctions against both countries, which Pakistan could ill afford.

On Tuesday, Mr. Clinton formally waived some of those sanctions imposed on India and Pakistan, allowing lending to resume by the U.S. Export-Import Bank, the Overseas Private Investment Corp. and the Trade and Development Agency.

U.S. officials said last month that the sanctions would be waived as a reward to both countries for agreeing to stop testing and as an incentive for further steps to control proliferation.

The American and allied effort to defuse a nuclear arms race in South Asia continues, and will be a prime topic between Mr. Clinton and Mr. Sharif.

Retirement at 70? An Unpopular Idea

WASHINGTON — As the Clinton administration gears up for a special White House conference on Social Security, the head of the huge retirement program has warned that the public is deeply skeptical of any proposal to raise the retirement age.

Boosting the age for full Social Security benefits to 70 has become a component of many congressional proposals for saving the program from bankruptcy in the next century.

But the Social Security commissioner, Kenneth Apfel, said there was "very little support among the American people" for increasing the age, which is 65 and scheduled to rise in stages to 67 for Americans born after 1959.

Mr. Apfel said, "I don't like that idea" is the most common response to virtually all suggestions for solving Social Security's financial problems.

But now, with the government running its first budget surpluses in a generation, is the time to act, he said.

Mr. Apfel's remarks underscore the major difficulties President Bill Clinton and Congress will encounter in trying to find common ground at a White House conference on Social Security next week.

Republican Leaders Re-elected Easily

WASHINGTON — Senate Republicans quelled a mini-revolt over the results of last month's elections and handily re-elected their current leaders, who promised renewed efforts to pass a strong legislative agenda and sell it to the American people.

In the only contested race for Senate leadership positions, Senator Mitch McConnell of Kentucky, easily won a second term as chairman of the senatorial campaign committee. He turned

aside a challenge by Senator Chuck Hagel of Nebraska, who accused the leadership of failing to give candidates a strong platform and urged the party to drop negative campaigning.

The majority leader, Trent Lott of Mississippi, was re-elected without opposition, as were other members of the current leadership, a stark contrast with the post-election purge of Republican leadership ranks in the House. (WP)

Quote/Unquote

"The White House press secretary, Joe Lockhart, complaining that the outgoing House speaker, Newt Gingrich, and the incoming speaker, Representative Bob Livingston, are not more fully involved in the impeachment process: 'It's obviously an odd situation where you have the Congress undertaking the most grave responsibility they have short of declaring war and the leadership saying that they don't want anything to do with it.'" (AP)

Away From Politics

Government safety regulators asked toymakers to stop using a cancer-causing chemical in baby rattlers and teething toys. But they said there was no need to ban all toys made with the substance. (AP)

More than 20 years after Anita Bryant's "Save Our Children" crusade led to the repeal in Miami of one of the country's first gay rights ordinances and galvanized the debate over gay rights in the nation, the Miami-Dade County commission voted again to ban discrimination based on sexual orientation. The 13 commissioners voted 7 to 6 to amend the county's anti-discrimination law. (NYT)

AMERICAN TOPICS

Bulldozers Lost in Big Theft Wave

How do you steal a bulldozer? How do you make a thundering, clanking, multiton yellow machine disappear? Simple: Start it up with a dime-store universal key and drive it off a construction site. In places like southern Florida, where subdivisions sprout like mushrooms after a rain, bulldozers and backhoes have been disappearing. The Miami Herald reports. Nationwide, such thefts add up to \$1 billion a year, insurers estimate.

Most of the machines are disassembled and shipped to Latin America. Insurance rates have skyrocketed; the payout for a stolen construction vehicle averages \$35,000, seven times that of a car.

But how do you make a getaway at 25 miles

per hour? Just do it, said Randy Kugler, a Dade County detective who works undercover for U.S. Customs. "I've driven dozens off of construction sites and never once have I been stopped." Even if police do stop a suspicious vehicle, heavy equipment generally does not require licenses or registration, making it hard to spot thieves.

The authorities are fighting back, however. Mr. Kugler was involved in an 18-month sting operation — he infiltrated four organized-crime rings — that produced 22 federal indictments. And law-enforcement agencies are working with equipment makers to create a universal system of vehicle identification.

Short Takes

Life under the flight path of 2,500 jet planes a day has its ups and its downs. Residents of Park Ridge, Illinois, near O'Hare International Airport, say the air often smells of jet fuel. They joke that if you wash your house, you get enough kerosene to heat it. Still, proposals to build a third area airport — to relieve

congestion at O'Hare and Midway Airport — are not met with universal enthusiasm. O'Hare supports 350,000 jobs, directly or indirectly.

The Chicagoand Chamber of Commerce has called for expansion of O'Hare, saying it can be designed to safely handle even more than the current 70 million passengers a year. Issues like safety, noise and pollution, it says, cannot be "allowed to dominate the debate."

Even before the big rise in commercial sales on the Internet, the number of on-line auctions was exploding. More than 1,000 sites now offer everything from autos to Frank Zappa memorabilia, the Los Angeles Times reports.

Most sites work like traditional auctions: The seller describes an item or scans a photo of it, and names a minimum price. Buyers then bid — but with hours or weeks to think, not just minutes. That reduces irrational buying; still, say those who have done it, buyers should do their homework before shelling out, say, \$18 for that Scooby Doo Pez candy dispenser.

Brian Knowlton

Guts

The new Concord Impresario Chronograph is power-packed.

Inside: The world's first automatic chronograph movement that measures time to 1/10 of a second, and reports day, date and month via windows on the dial.

The sapphire crystal case back lets you see it work.

The balance wheel and hairspring beat at 36,000 vibrations per hour: exactly accurate.

The addition of 31 jewels makes it a virtually friction-free operation.

It combines latest technology with efficiency to the max. The oscillating weight is a dual direction, self-winding rotor system. What that means: one day of normal wear rees up 90 hours of reserve power.

Overall, this chronometer is one of the most precise timepieces ever made. To prove the point, each Impresario Chronograph is individually tested and certified by the COSC, the renowned Swiss horological authority.

All visible movement parts have an elegant Clous de Geneve finish. But that's not all...

Face-to-face, the new Concord Impresario Chronograph makes a powerful statement as one of the most distinctive timepieces of its kind.

Heroic style. Serious substance: 216.7 grams worth of solid 18 karat rose gold. (Or, if you prefer, solid stainless steel.) All carved and crafted by hand.

Note the classic contours. The coin-edge case detail repeated on the bracelet, the dial, and the crown.

Observe the finger controls. Push-buttons operate a large second

hand — and track time to tenths of a second. (Hours and minutes, as well.)

In addition, there's a small sweep-second hand at 9.

A fine-correction button on the side of the case lets you change the day of the week instantly.

And like all Concord Impresario timepieces, quartz and mechanical, the Chronograph is water resistant.

Inside and outside, no other automatic chronograph measures up to the Concord Impresario.



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مكتبة الأمل

INTERNATIONAL

Albright, Grappling With Her Family's Holocaust Deaths, Stirs Conferees

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Secretary of State Madeleine Albright, who lost three Jewish grandparents in Nazi concentration camps, has told an international conference that the quest for belated justice for Holocaust victims "requires that painful memories be revisited, easy evasions confronted and inconvenient questions asked and answered" — a process she is going through herself.

Mrs. Albright, who was born in Czechoslovakia and raised as a Catholic, has said that she learned of her Jewish roots only last year. She stirred delegates at a conference on the recovery of art and other assets taken from Holocaust victims and their families by relating its work in her personal history.

"I think of the blood that is in my family veins," she told the gathering, sponsored by the State Department and the U.S. Holocaust Memorial Museum. "Does it matter what kind of blood it is? It shouldn't. It is just blood that does its job. But it mattered to Hitler, and that matters to us all, because that is why 6 million Jews died."

Mrs. Albright often relates her foreign policy views to her history as a refugee, first from the Nazis, then from communism. But she rarely speaks publicly about her Jewish ancestry, "a subject," as she put it Tuesday, "for which I have not yet found, and may never find, exactly the right words."

But she used her appearance before an international audience of Holocaust survivors, leaders of Jewish organizations and government officials to provide one of her most prolonged public reflections to date about her background and its legacy.

"When I was young, I didn't often think about grandparents. I just knew I didn't have any," said Mrs. Albright, who has said that she learned of her Jewish ancestry after a Washington Post reporter uncovered it last year. "I was an infant

when I was separated from them. Now, I too have become a grandparent, and I look at my children's children, and the love and pride literally overflow."

"I am sure now that I was once the object of such affection, not only from my parents but from those who gave them life. And as I think of my life, now in my 62d year, I think also of my grandparents' lives in those final years, months and days."

Her voice catching briefly, Mrs. Albright said she often thinks of the "innocent, irreplaceable people, people who loved and enriched life with their warmth, their smiles and the embrace of their arms" and died because they were Jews.

Her comments prompted a standing ovation from conference participants, many of whom later said they were moved by her explicit linkage of her past and their work.

The conference brought together delegates from 44 countries and 13 private organizations to forge common policies on tracking down art-

works looted by the Germans, tracing unpaid insurance policies and reclaiming "communal property," such as synagogues and cemeteries. The total value of these assets is estimated to be at least tens of millions of dollars.

A similar conference last year led to negotiated settlements involving Swiss bank accounts and looted gold.

The delegates here are addressing what Stuart Eizenstat, undersecretary of state and chairman of the U.S. delegation, called "the final chapter in the unfinished business of perhaps the greatest human tragedy of this or any other century."

Abner Mikva, a former federal judge and chairman of the conference, said its purpose was not "to make specific government decisions" but to seek agreement on procedures for settling the remaining issues and to press for commitments to full access to all relevant archives.

The Holocaust Museum's chairman, Miles Lerman, described the task as "a financial and moral audit" of the role played by the par-

ticipating countries during the Holocaust.

Mr. Eizenstat said that by some estimates, "fully one-fifth of all the art in Europe was uprooted" by the Germans and their accomplices during World War II. He added that the U.S. delegation would seek approval of 11 proposed "principles and processes" for identifying and dealing with the troves of looted art that may exist across Europe, including a commitment by governments to identify stolen works and make information available to possible claimants.

Lawrence Eagleburger, a former secretary of state, is chairman of an international commission studying insurance archives in several European countries and is examining policies from the Nazi era in the 1930s and 1940s, many of which were never paid. Under pressure from state insurance regulators in the United States, who have threatened to limit the right to do business in their states, six European insurance companies already have committed \$90 million to a "humanitarian fund" for Holocaust survivors.

French and British Aides Discuss EU Security Role

Part of Initiative on Military Cooperation

By Joseph Fitchett
International Herald Tribune

PARIS — Britain and France intensified preparations Wednesday for a joint initiative on European military cooperation as the two countries' foreign and defense ministers held unscheduled talks in Paris to craft their approach to a new security role for the European Union.

Officials of both governments said the talks were aimed at developing Europe's capability to respond with military force in international crises, essentially by improving cooperation among themselves, but without changing their positions in the North Atlantic Treaty Organization.

Publicly, officials declined to confirm the International Herald Tribune's report that the new British and French thinking included dissolution of the Western European Union, a defense body that has theoretically linked the EU and NATO but in practice has undertaken only small naval actions.

Public comments, however, left the WEU's fate open to doubt.

Prime Minister Tony Blair, a British spokesman said, "thinks it is not an ideal organization."

In Paris, where the WEU was holding a 28-nation assembly, participants complained about not having been informed in advance of the organization's possible demise.

French and British officials said privately that their governments were not seeking to impose their views on other European countries and were still hammering out their own views on institutional arrangements, including the question of folding the WEU into the European Union ahead of an EU summit meeting in mid-December.

"There are still options on every point," a French official said, adding that any changes would have to be acceptable to countries such as Italy, the Netherlands or Spain that have significant forces.

In practice, officials said, no major objections seemed likely to arise among other European countries in the face of a basic convergence between France and Britain, countries that traditionally have been at odds over the EU relationship with NATO.

Germany, the other key EU power, had encouraged Paris to pursue a dialogue with London. French officials said, after the Blair government last month dropped its opposition to security discussions outside NATO. Mr. Blair said that Europe needed to be able to "handle future Kosovos on its own," meaning that unless Europe could muster stronger resolve, Washington might one day tire of its security burden in Europe.

Especially in the light of his conspicuous support for Washington in the latest Iraq crisis, Mr. Blair has the credentials to reassure Americans, and Europeans, that any British-backed defense move is aimed at reinforcing transatlantic ties.

Paris, too, seems to have moved beyond its long-standing hostility to NATO as a vehicle of U.S. influence and embraced the idea that European unity can be pursued by cooperation inside the alliance, especially since it now has provisions for the European allies to act on their own in some situations.

In recent months, France has seized every opportunity to enlarge its practical participation in NATO — for example, taking charge of the allied force assigned, if necessary, to rescue international monitors in Kosovo, even though Paris demurred from some aspects of allied plans for intervention there.

This stress on building up European military capabilities has convinced French officials that the WEU's facilities, essentially a small multinational planning team and a center for interpreting satellite photographs, must move to the EU as an essential "toolbox" for any credible commitment to crisis management or combat.



ON GUARD — Turkish policemen manning barriers Wednesday for a controversial soccer match with Italy.

Vote Leaves Quebec's Future Unclear

By Anthony DePalma
New York Times Service

MONTREAL — While the results of Quebec's provincial election are muddy enough for both major parties to claim a victory of sorts, and to bear some degree of defeat, the real losers are those who had hoped the election would provide a clear sense of where Quebec, and Canada, are heading.

Although the separatists were returned to power, they could not even muster a plurality of the popular vote. The election results keep the independence movement alive, but it is wounded.

That means that Premier Lucien Bouchard will not call another referendum on breaking away from Canada anytime soon, though he has not ruled out doing so later.

"Quebeckers have said that the time is not propitious for a referendum, at least not immediately," Mr. Bouchard said Tuesday.

He is clearly disappointed that he had not increased the number of seats his party holds in the provincial assembly. Not was he able to maintain the percentage of the overall vote that his party had in the last elections, in 1994.

In the election Monday, Mr. Bouchard's separatist Parti Quebecois won 75 seats, two fewer than in 1994.

while the Liberal Party, which favors keeping Quebec in Canada, won 48, an increase of one. A small third party won one seat, and a special election will be held in a few weeks for one district where the incumbent died recently. That district is expected to go to the separatists.

In the popular vote, seen as an indication of probable support for sovereignty, the separatists got 42.7 percent, while the Liberals won 43.7 percent.

But Mr. Bouchard refused to rule out the possibility of holding another vote on separation. Instead, he reiterated the position he had taken during the campaign: that he would call a referendum — which he has the right to do at any time during his term — when he could be sure it was winnable.

During the campaign, Mr. Bouchard did not spell out the conditions under which he would consider the vote winnable, and he skirted the issue again Tuesday. But he has made it clear that several problems must be tackled first.

"I don't see how Bouchard can call a referendum in the near future," said Francois Rocher, a professor of political science at Carleton University in Ottawa.

"He was elected on good government, and now he will have to govern."

Mr. Bouchard is nearing his goal of eliminating the province's budget deficit. Achieving that would be a sign of fiscal responsibility that the separatists would use to build confidence in their

ability to lead an independent nation. He will soon have to deal with Quebec's large public employee unions, which have been without a contract since June. And he is committed to negotiating a new deal with Ottawa, along with the leaders of the other nine provinces, for more provincial control over social programs.

If the negotiations for a new federal relationship break down, Mr. Bouchard could blame Ottawa and use resentment toward the federal government to build support for a referendum.

During the campaign, some basic assumptions about Quebec were openly questioned for the first time. The charge by the Liberal Party leader, Jean Charest, that 30 years of toying with separation had only hurt Quebec economically resonated with many voters, including some French-speakers. Mr. Charest also called for limits to the provincial government's interference in the economy.

Mr. Bouchard will also have to deal with the defection of some "soft" nationalists — voters whose support for separation fluctuates — to the third-party candidate, Mario Dumont, leader of the Democratic Action Party.

Mr. Dumont, 28, doubled his party's share of the popular vote, although he was the only member who won a seat in the provincial assembly. He called for a 10-year moratorium on referendums and advocated free market measures, although he did not go as far as Mr. Charest.

ECEVIT: Turkey Taps Veteran

Continued from Page 1

the state apparatus.

Among Mr. Ecevit's immediate challenges will be to resolve a political crisis with Italy that broke out last month when the Kurdish rebel leader, Abdullah Ocalan, was arrested in Rome and then asked for political asylum there. Turkey wants Mr. Ocalan sent here for trial, but Italy says it cannot extradite him as long as Turkey retains the death penalty.

Mr. Ecevit is among the few senior Turkish politicians who favors the abolition of capital punishment.

Together with President Demirel, Mr. Ecevit is often cited by Turks who complain about the continued dominance of a geriatric political elite. He is 73 years old and has been in politics for most of his adult life.

Early in his career, Mr. Ecevit emerged as a spokesman for Turkey's downtrodden masses. Perhaps more than any other figure, he legitimized social democratic ideology in a climate where leftist sympathies were often considered subversive.

At the same time, however, he has shown himself to be a fierce nationalist. He was prime minister when Turkey sent troops to occupy northern Cyprus in 1974 and is still considered a hard-liner on the Cyprus issue. He is also uncompromising in his opposition to Kurdish nationalism.

During his terms as prime minister in the 1970s, Mr. Ecevit successfully undermined efforts to move Turkey toward membership in the European Union, then called the European Economic Community. He considered it an instrument of capitalist exploitation.

Mr. Ecevit has also disturbed the United States by flirting with anti-Western ideologies. "During his terms as prime minister in the '70s, Mr. Ecevit did not appear to be a consensus builder," said Ilker Turan, a professor of political science at Bilkent University in Istanbul. "It seems that nowadays he is more accommodating, so from that perspective, he may not be bad choice."

"On many issues that Turkish society is encountering now, he represents an orientation which does not seem to be totally in tune with the times," Mr. Turan continued. "That would include his position on issues like privatization, integrating Turks more fully into the international system and the devolution of central authority."

"He has failed to grasp where the world is heading. He looks at and analyzes the world in categories that are no longer useful or appropriate."

Almost alone among Turkish politicians, Mr. Ecevit lives modestly and has avoided any hint of personal or financial scandal. He speaks fluent English, and his reading runs to poetry and such intellectual journals as the New York Review of Books. He has translated the works of T. S. Eliot into Turkish and published several volumes of his own poetry.

DEAL: Cost-Cutting Will Cut Both Ways

Continued from Page 1

ity" also takes in manufactured goods that are easily produced anywhere.

Commercial airlines are not commodities. Two companies, Boeing and Airbus Industrie, control the key technologies and production skills. But razors are a commodity, the best of which can easily be copied and manufactured.

Cars are another example, and so are

items of apparel, lathes, computer chips, small appliances, toys, kitchenware, television sets, watches and many other electronic devices. Commodities in this broader sense are in oversupply mainly because so many companies stepped up production in recent years, in the expectation that as supply rose, so would demand, absorbing the new supply.

The Asian crisis destroyed that strategy, and now manufacturers find themselves unable to sell that they can produce and often forced to cut prices, hurting profits and forcing layoffs as production has been cut back.

"The basic phenomenon, however you define the word commodities, is that there is a huge amount of slack capacity in most industries," said Alan Blinder, a Princeton University economist.

Exxon and Mobil are caught in this squeeze. No U.S. corporation was more profitable than Exxon last year, and Mobil was also among the top performers. The two giants are still reporting healthy profits. Their refining operations and gasoline marketing, for example, continue to prosper. What is more, Mr. Burk of Arthur Andersen said, the combination would give the new company much more clout in dealings with OPEC.

"In terms of production," he said, "it will be near in size to several of the big state-owned oil companies in the Middle East. It will have the means to finance very large exploration and development projects. And we may see Saudi Arabia and Kuwait, for example, opening their countries to foreign oil investment."

But right now, in the basic business of exploring for oil, drilling the wells and recovering crude oil and natural gas, Exxon's and Mobil's costs are beginning to reach or surpass the basic price they get for even the best crude oil.

Exxon's exploration and production cost averaged \$7.11 a barrel in the United States, according to Arthur Andersen's Energy Services Group. Outside the United States, the cost was \$10.39 a barrel — a healthy margin last year, when crude oil rose above \$20 a barrel for a while, but uncomfortably close to today's much lower price of just over \$11 a barrel.

Mobil gets oil from U.S. fields at a cost of \$14.85 a barrel and at an average cost of \$11.52 elsewhere in the world.

"Mobil is not in good shape today in this category," Mr. Burk said, "and when you consider all the other costs involved in recovering crude oil, the cost for both companies is probably more than the current world oil price."

PACIFIC: U.S. Military Offers Aid and Training to Asians in Return for Access to Bases

Continued from Page 1

thing that is short of basing but greater than, shall we say, infrequent visits."

"We believe that in order for the U.S. to be a presence in Asia, it's important not just to have an important foothold in both Korea and Japan, but also to have the ability to engage actively in Southeast Asia as a whole," he said.

Singapore is playing a key role in facilitating an enhanced U.S. military presence in Southeast Asia.

When the Carl Vinson, which displaces nearly 95,000 tons and carries some 5,000 sailors and 80 aircraft, arrives in the island-state Monday to join some of its escorts, which began arriving Wednesday, it will have to anchor in the harbor because it is too big to berth alongside any existing military pier.

But under a formal memorandum of understanding signed last month, Singapore offered the United States use of piers in a new naval base now under construction. When completed in 2000, it will be able to accommodate aircraft carriers and other very large naval ships.

"We are building these berths at Changi Naval Base, even though we do not need them ourselves," Singapore's defense minister, Tony Tan, said after signing the accord in Washington with his U.S. counterpart, William Cohen.

"The U.S. has indicated that it would be useful for the U.S. Navy, which currently does not have any facilities between Guam, Japan and the Middle East where aircraft carriers and other deep-draft vessels can berth alongside for maintenance and logistics support," Mr. Tan said.

Singapore gave the United States access to its naval and air bases in 1990 as nationalist pressures built up in the Phil-

ippines that forced Washington to abandon American bases there in 1992.

Since then, as other countries in Southeast Asia — including Thailand, Brunei, Indonesia, Malaysia and most recently the Philippines — have agreed to allow the U.S. military greater access to their ports, airfields, repair facilities and training grounds, the American military presence in Singapore has increased substantially.

For example, the U.S. Air Force sends fighter detachments to Singapore six times a year, for about a month at a time, while the U.S. Navy uses Singapore as a hub for ships it sends to Southeast Asia for three months of the year to exercise with regional navies.

Mr. Tan said there was a greater appreciation in Southeast Asia that, "with

the crisis which all the countries are now facing, the need for security in the region is even more vital, in order to help economic recovery and progress."

But an Indonesian defense official said that before agreeing to any expanded security arrangement with the United States, his country would have to be satisfied that there were no unacceptable conditions attached. Malaysia is expected to take a similar position, analysts said.

In its latest East Asian Strategy Report, issued last month, the Pentagon said that "in coming years, the U.S. will examine new modes of sustaining and supporting" its military presence in the region."

"Continued development of support — outside the traditional basing structure — in such nations as Australia,

Indonesia, Thailand, Malaysia, Brunei, Singapore and the Philippines will enhance U.S. strategic interests in maintaining regional stability and a credible power projection capability in the region and beyond, including to the Arabian Gulf when necessary," the report said.

Regional cooperation might "also increasingly encompass use of common facilities, as well as reciprocal military provision of supplies, services and logistical support," the report added.

In countries where the United States had bases or conducted regular training and exercises, the conclusion of Acquisition and Cross-Servicing Agreements would "not only provide for such assistance but also offer material and symbolic evidence of regional support for the U.S. presence in general," it said.

BOSNIA: Serb General Is Arrested Over Massacre in Srebrenica

Continued from Page 1

In Bosnia, Lieutenant Commander Glenn Chamberlain, a spokesman for the Stabilization Force, told Reuters that U.S. troops had arrested General Krstic and his driver "without incident" in northeastern Bosnia near the town of Bijeljina.

A continuing source of frustration for judges and prosecutors at the tribunal has been the reluctance of Western military powers in Bosnia to inflame local animosities by arresting some former combatants, as has the refusal of President Slobodan Milosevic of Yugoslavia to cooperate with the tribunal, in violation of the Dayton Peace Accords of 1995 and other agreements.

In the indictment of General Krstic, the tribunal prosecution charges that he

was responsible for genocide in the latter half of 1995 when the Bosnian Serb Army's Drina corps, which he commanded, overran the Muslim enclave of Srebrenica, supposedly under United Nations protection.

The Dutch troops charged with the town's security failed to stop the Bosnian Serb rampage. As many as 8,000 Muslim civilians were driven from Srebrenica into the mountains, fleeing toward the town of Tuzla. Along the way, the indictment charges, they were ambushed and either killed by Serb troops or rounded up for subsequent execution.

The arduous work of exhuming graves during the past two years has uncovered what the tribunal believes is strong evidence of deliberate killings of Muslims, including the discovery of vic-

tims who had been blindfolded and, with their hands tied behind their backs, killed with single bullet wounds to the head. The exhumations, a tribunal source said Wednesday, also revealed systematic reburials of victims in an apparent effort to disguise where and how they had died.

In addition to charges of committing genocide, General Krstic faces five counts that distinguish among various kinds of crimes or provide legal redundancy for the charges. Those counts include complicity in commit genocide, extermination, murder and persecution.

General Krstic will join 26 others in a special tribunal jail facility at Scheveningen, near the Dutch capital. A tribunal source said he would make his initial appearance before the tribunal, the equivalent of an arraignment, Monday.

ASIA/PACIFIC

China Defends Seizure Of New Party's Leaders

Dissidents Start Fasts to Protest Crackdown

By Elisabeth Rosenthal
New York Times Service

BEIJING — In response to a chorus of criticism from home and abroad, Chinese officials broke their silence Wednesday to defend their arrest this week of a prominent dissident who was trying to form an opposition political party.

Xu Wenli is suspected of involvement in activities damaging to national security and has violated relevant criminal codes of the People's Republic of China," said the Foreign Ministry, which had declined Tuesday to comment on the arrest.

The sudden arrest Monday night of Mr. Xu, as well as several other activists involved with him in trying to form the China Democratic Party, sparked strong protests from other dissidents, human rights groups and the U.S. government. "We view his detention for peacefully exercising fundamental freedoms guaranteed by international human rights instruments as a serious step in the wrong direction," said the State Department spokesman, James Rubin, in Washington the day after the arrest. U.S. officials in Beijing urged the government to release Mr. Xu and also asked for clarification on the exact nature of his crime.

With great fanfare, China signed the International Covenant of Civil and Political Rights last month, and Mr. Xu's arrest is seen by human rights groups as a test of its commitment to the terms of the treaty.

Dissidents inside and outside China rose to Mr. Xu's defense, with more than a dozen around China announcing that they would begin fasts or hunger strikes in support of Mr. Xu and another China Democratic Party leader, Qin Yongnian, who was arrested in his Wuhan home Monday.

Almost 200 dissidents signed a letter to the Chinese government protesting the detentions, according to the Information Center for Human Rights and Democratic Movement in Hong Kong.

Three other Democratic Party organizers were also detained Monday, although two of them were released early Wednesday.

But the two more prominent veteran dissidents, Mr. Xu and Mr. Qin, likely face a much longer haul, as they have been charged with "criminal acts."

Mr. Xu's wife, He Xintong, said late Wednesday that she had still not been told the specific charge filed against her husband, although she surmised from

the aggressive behavior of the arresting officers that the sentence "could be long."

Mr. Qin's family was told that he is charged with "plotting to subvert the government," a crime that for serious offenses results in prison sentences ranging from three years to life.

In the Chinese Criminal Code, this charge carries under a grab bag section called "undermining state security," which makes almost any political activity that questions or hampers the authority of the Communist Party illegal, from "violent or nonviolent activities aimed at overthrowing government authorities," to "activities designed to change the basic nature of the state."

The detentions of Mr. Xu and Mr. Qin almost certainly stem from their efforts to gain recognition for the China Democratic Party, a loose network of pro-democracy activists in more than a dozen cities that was formed this year.

In the past six months the two dissidents became increasingly aggressive and defiant in their attempts to register the party with government, submitting repeated applications even after local authorities had declared the concept of an opposition party illegal. They argued that the Chinese Constitution does not specifically forbid the formation of political parties, although no parties have been formed since the founding of the People's Republic of China in 1949.

In fact, the bylaws of the China Democratic Party are fairly tame, careful to acknowledge the central role of the Communist Party, but also supporting free speech and free elections for public officials.

"My husband thought the time was right to begin working to form a new party, since China recently signed the covenant on human rights," Miss He said.

In September, some Democratic Party members got slightly encouraging signals from local governments, which initially accepted their applications to form a social organization to develop a party.

But in recent weeks, as the organizers like Mr. Xu have become more insistent and defiant, harassment by the police has been escalating.

"All this past week we felt something was going to happen," Miss He said.

"It seemed that anyone who came to visit us was later detained for a while. And there have been a lot more cars from the Public Security Bureau parked outside than is usual."



TAIPEI CONTENDER — Ma Ying-jeou rallying supporters Wednesday in his drive to unseat the Democratic Progressive mayor, Chen Shui-bian, in elections Saturday. The Kuomintang candidate has played down his mainland roots, saying, "I am a new Taiwanese."

Anwar's Driver Backs Charge

Reuters

KUALA LUMPUR — The driver of former Deputy Prime Minister Anwar Ibrahim said Wednesday that he stood by allegations he made last year accusing Mr. Anwar of committing homosexual acts with him against his will.

The former driver, Azizan Abu Bakar, testifying in Mr. Anwar's trial on charges of corruption and sodomy, told the High Court that he stood by a written statement that he had repeatedly been "a victim of homosexual acts by Anwar Ibrahim" in 1992.

His statement, in a letter dated Aug. 5, 1997, was forwarded to Prime Minister Mahathir bin Mohamad before Mr. Anwar's dismissal and arrest.

The court is examining four charges that Mr. Anwar had used his authority to force the police to obtain a retraction

from the driver. Mr. Anwar has pleaded not guilty and asserted that Mr. Azizan and another accuser were part of a plot to destroy his political career.

In another development, the trial judge, Augustine Paul, canceled a warrant to arrest a lawyer after he apologized over allegations that prosecutors had tried to fabricate accusations. The lawyer, Manjeet Singh Dhillon, said he was sorry that a statement in which he made the allegations had been submitted to the court by one of Mr. Anwar's lawyers.

Mr. Manjeet's statutory declaration had been submitted along with an affidavit in which Mr. Anwar asked that two prosecutors be discharged because Mr. Manjeet had said they offered to reduce charges against a client in a separate case if he testified that Mr. Anwar had committed sex crimes with women.

North Koreans Are Said To Ready Missile Launch

The Associated Press

TOKYO — U.S. spy satellites have detected preparations by North Korea to launch another missile and Washington has warned Tokyo, a Japanese newspaper reported Wednesday.

The North Koreans have been moving parts of their new Taepo Dong missile from storage to the launch pad since about Nov. 20, the newspaper Yomiuri reported, citing Japanese government sources that received word from the United States.

Japan is worried the North is likely to launch another missile this month, it said.

Hiroshi Nonaka, the government spokesman, acknowledged Wednesday that Tokyo was aware of "some kind of movement" in North Korea. He would not elaborate.

Prime Minister Keizo Obuchi confirmed that Japan had received infor-

mation about a North Korean launch in the works, but the Kyodo press agency quoted him as saying, "I have not heard that it has been confirmed."

The Defense Agency would not comment on the Yomiuri report.

The Japanese were unnerved by the firing of a rocket by North Korea on Aug. 31. It flew over Japan and landed in the Pacific Ocean.

Japan has a peaceful rocket program but no spy satellite of its own and must rely on the United States for information about North Korean missile activity.

A joint missile defense system with the United States has been proposed, and Japan approved a plan to put four spy satellites into orbit by 2002.

North Korea, which says it put a satellite in orbit with the August firing, has denounced Japan's spy satellite plan, calling it a "dangerous military action."

BRIEFLY

Indonesian Students Petition for Reforms

JAKARTA — Ignoring an appeal by President B.J. Habibie to stay off the streets, about 1,000 students marched on the Presidential Palace on Wednesday to present a petition demanding democratic reforms.

Brushing aside about 300 soldiers and riot police, the students approached the front gates during a three-hour demonstration that remained peaceful. The authorities later admitted 17 student delegates who met with a senior military aide to the president and the cabinet vice-secretary.

Earlier Wednesday, Mr. Habibie appealed to the students to seek change through constitutional means. (NYT)

Australia Tax Workers Warned About Bombs

CANBERRA — The police on Wednesday warned all 17,000 Australian tax workers to beware of letter bombs after one exploded in a post office, slightly injuring a clerk, and 21 others were found by postal workers.

The tax commissioner, Michael Carmody, said he was taking steps to ensure the safety of agency employees after letter bombs were found addressed to the homes of 23 staff members. Mr. Carmody declined to say whether he was one of the tax officials targeted.

Another letter bomb was found Tuesday in Sydney and detonated by a bomb squad, and some 1 million items in the Canberra Mail Center were being examined after the blast. (AP)

First Joint Exercise For U.S. and China

HONG KONG — The Chinese military joined U.S. forces for the first time Wednesday in a search and rescue exercise, U.S. and Hong Kong officials said.

Boats from the Hoog Koon garrison of the People's Liberation Army joined 220 U.S. Air Force and Coast Guard personnel off Lantau Island, near Hong Kong, the Civil Aviation Department said in a statement.

Officials from the U.S. Consulate said both the United States and China had been invited by Hong Kong in "a humanitarian effort to create a climate of working together." (AP)

Philippines Declines To Release Fishermen

MANILA — The Philippines on Wednesday rejected Beijing's demand for the immediate release of 20 Chinese fishermen seized near a disputed reef in the South China Sea, saying it would pursue illegal fishing charges against them.

On Tuesday, China had demanded their immediate release. (Reuters)

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INTERNATIONAL

The European Defense Steamroller

Even France Is Slowly Accepting Cross-Border Merger of Companies

By John Tagliabue
New York Times Service

BRUSSELS — Even as global pressures drive Europe to a single market and a single currency, similar pressures are forcing a consolidation of the defense and aviation industries.

European leaders recognize that with the collapse of communism, their defense needs are radically different. And the emergence of American giants like Boeing Co., Raytheon Co. and Lockheed Martin Corp. creates a new competitive landscape. So these leaders envision the arms and aircraft industries from each nation uniting in a single, highly efficient, all-purpose conglomerate.

Progress toward this goal has been glacial, but it is still creating tremendous strains, especially in France. Aerospace, the French aerospace and arms giant, is about to be transformed from state company to private for the sole purpose of qualifying to join this Continent-wide behemoth, but Yves Michot, its chairman and chief executive, is not entirely happy with how the process is unfolding.

"If we want to merge together, we need to have each other's full confidence," he said.

Mr. Michot has not found that comfort level. Like many in France, he objected to the way foreign business leaders, notably those at British Aerospace PLC and DaimlerChrysler Aerospace AG, threatened to snub the French if they did not cooperate.

Even if Europe pulls off the creation of the conglomerate, tentatively known as the European Aerospace & Defense Co., some experts fear a monopoly that would stifle competition, wonder whether they should.

"I do not like a world in which you have three large United States integrated contractors — Boeing, Raytheon and Lockheed — and one in Europe," said John Deutch, a former U.S. undersecretary of defense. A single European defense contractor, he argued, would "essentially not be competitive."

But competition is assured, the European companies argue, given the huge American presence in the European arms and aviation market.

American defense companies have always done a booming business in Europe. During the Cold War, many European countries, particularly smaller ones like the Netherlands and Belgium, bought almost nothing but U.S. fighter aircraft and weapons systems. European industry leaders, including the French, deny they want anything like a fortress Europe now.

American arms companies, of course, went through a similar, though less extreme, consolidation. European executives like to talk about the "Last Supper," a 1993 gathering at which Les Aspin, then the defense secretary, sketched out for industry leaders the Pentagon's view of the future, one in which a few defense contractors would divide a greatly curtailed Pentagon budget.

Yet in Europe, the process has been reversed, with executives at BAE and DaimlerChrysler pushing their agenda on often reluctant governments.

Nowhere has that reluctance been more evident than in France. The prospect of marring the prestige of a French national industry, not to mention losing jobs, is creating a fierce conflict that pits

French traditions against the harsh realities of a globalizing world.

But the process has most definitely begun. Dassault Aviation SA said last month that it would transfer to Aerospatiale the government's 46 percent stake in the company. The plan involving Dassault, maker of Mirage and Rafale military jets and Falcon business jets, was announced in July, but it took months to secure the approval of Serge Dassault, the company's feisty 73-year-old chief executive and controlling shareholder.

That share transfer follows a decision in July by the government of Prime Minister Lionel Jospin, after months of debate, to reduce the government's stake in Aerospatiale to less than 50 percent and to bring in the defense and publishing giant Lagardere Group as the leading private shareholder.

By this week, after separate French-German and French-British government consultations about recasting the defense industry, Paris appeared to have dropped its fundamental insistence on a simultaneous three-way merger, clearing the path for a gradual two-by-two process, including some form of union between British Aerospace and DaimlerChrysler, to be followed by a link with Aerospatiale and Lagardere's Matra defense business.

First government largesse to Aerospatiale produced a company rich in technology but inefficient and unaccustomed to the notion of shareholder value.

"Ten years ago, the government told Aerospatiale not to make profits, but to make products," said Philippe Gossard of Credit Lyonnais Securities in Paris. The numbers show that productivity has indeed sagged. Last year, each of Aerospatiale's 37,000 employees generated \$297,000 of revenues, against \$326,000 for each of British Aerospace's 46,000 employees.

For France's partners at British Aerospace and DaimlerChrysler, both privately held, getting government out of the business is an essential first step.

"Our demand is of the same sort and share the same goals," said Wolfgang Piller, head of strategy at DaimlerChrysler. Sir Richard Evans, chairman of BAE, has said the combined entity should feature a highly fragmented shareholder base, adding that for the Germans and the British, there should be zero government ownership.

Industry leaders are also urging European governments to end centuries of fragmentation and form common de-

fense and security policies, including weapons procurement.

"Combine your purchasing power," Mr. Piller said, "and you will have all the influence necessary."

Mr. Michot readily admits that the changes at Aerospatiale must go forward. "It's not a problem of whether big is beautiful or small is beautiful," he said in an interview. "But projects are more and more sophisticated, and bigger and bigger companies are needed."

What he admits less readily is that Aerospatiale needs reorganizing. It is, after all, no slouch. It has a 37.9 percent stake in Airbus, the efficient, profitable consortium that, despite bitter competition from Boeing, grabbed half of the worldwide orders this year for jetliners. The Ariane rocket program, a joint European undertaking in which Aerospatiale is primary contractor, controls 50 percent of the market for satellite launchings, a business expected to be worth \$60 billion over the next decade.

Yet some activities, like missiles, lose money, while others, like its stake in Avions de Transport Regional, or ATR, the maker of turboprop aircraft, face an uncertain future.

Ariane itself may prove to be a white elephant, as smaller and cheaper satellite launching devices enter the market.

Some experts even question whether Mr. Michot, 57, an aeronautical engineer with decades of experience as a government adviser on weapons programs, is the man to do the reorganizing.

Indeed, part of the reason for bringing in Lagardere was to tap that company's tough management skills, like those of Philippe Camus, its 50-year-old chief executive. The challenges facing the merger appear not to have escaped Lagardere's investors, about 40 percent of whom are American and British investment funds. After the July announcement, the shares lost nearly half their value, though they have since recovered much of that.

Yet the French willingness to accept private solutions by bringing in Lagardere and Dassault shows flexibility, which Mr. Michot said could increase. Mr. Jospin's government, he said, which originally insisted on a permanent minority stake in Aerospatiale, and hence in the new European arms company, is now pragmatic.

"If I go back with a good idea, the consequence of which is a new decrease in the government stake," he said, "they are ready to examine it."



An Israeli soldier being beaten by a Palestinian after he was dragged from an ambushed vehicle near Ramallah on Wednesday.

Violent West Bank Clashes Heighten Mideast Tensions

The Associated Press

RAMALLAH, West Bank — Two dozen Palestinians ambushed an Israeli car on Wednesday, smashed its windshield with stones, then pulled an Israeli soldier out of the vehicle and kicked and beat him with stones.

The soldier, covered by the car door, holding his hands up to fend off blows as several Palestinians struck his head with rocks. After about a minute of relentless attack, the soldier ran, bleeding from the head.

As he escaped, his assailants stole his M-16 assault rifle, then doused the car with kerosene and set it on fire.

Earlier Wednesday, a Palestinian street cleaner was stabbed to death in what police believe was an attack by an Israeli extremist.

Hundreds joined the funeral procession along Salah Eddin Street, the main thoroughfare of traditionally Arab East Jerusalem. Dozens of marchers broke away and hurled stones at Israeli riot police, who fired rubber bullets.

In a side street, Palestinians stoned an Israeli motorist, pulled him out of the car and then set the vehicle on fire, said Shmuel Ben-Ruby, a Jerusalem police spokesman.

The renewed violence came just 10 days before President Bill Clinton was to arrive in Israel and the Palestine areas to usher in the next stage of the Wye River land for security agreement he helped negotiate in October.

An Israeli official said Mr. Clinton's visit was currently still on.

BRIEFLY

Economist Due Back As Lebanese Leader

BEIRUT — President Emile Lahoud of Lebanon has chosen a veteran politician and economist, Selim Hoss, to become prime minister, the Parliament speaker, Nabih Berri, said Tuesday.

"Ninety-five members of Parliament have named Hoss as their candidate, and the consultations for the new government will start on Friday," Mr. Berri said after meeting with the president. There are 128 members in Parliament.

Mr. Hoss, 68, served several times as prime minister during and after the 1975-1990 civil war in Lebanon. He is well respected by the business community.

He will succeed Rafik Hariri, who stepped down Monday after six years in office. (Reuters)

12 Algerian Villagers Slain While Sleeping

ALGIERS — Armed attackers killed 12 villagers during their sleep early Wednesday in Algeria, an official communiqué and hospital sources said.

Security forces immediately began a search for the attackers in the Sidi Rachid region, about 100 kilometers west of Algiers, where the massacre took place, the communiqué said.

There was no immediate claim of responsibility for the killings, but such attacks are usually blamed on Islamic militants. (AP)

Albright Asks Texas To Delay Execution

AUSTIN, Texas — The U.S. secretary of state has asked the governor of Texas, George W. Bush, to delay the execution of a Canadian citizen, a spokesman for the governor said Tuesday.

Secretary of State Madeleine Albright, intervening on behalf of the Canadian government, wrote in a Nov. 27 letter to Mr. Bush that Canadian officials had not been notified of the arrest and prosecution of Stan Fauder as required by an international treaty.

Texas officials said that at the time they did not know Mr. Fauder was a Canadian.

He was sentenced to die by lethal injection for the 1975 stabbing death of an oil heiress, Inez Phillips. His execution is scheduled for Dec. 10.

Canada, which does not have the death penalty, wants his sentence commuted to life in prison. (Reuters)

The Vatican Welcomes Christmas for Cubans

VATICAN CITY — The Vatican welcomed on Wednesday a proposal by the ruling Communist Party of Cuba for permanent reinstatement of the Dec. 24 Christmas holiday.

"This announcement, which answers a precise desire of the Cuban people and church, has been received with much satisfaction in the Holy See," said the Vatican spokesman, Joaquin Navarro Valls.

"I do not believe it will pass unobserved within the international community," he said. (Reuters)

U.S. Looks South for New Bases to Replace Panama Airfield

By Steven Lee Myers
New York Times Service

CARTAGENA, Colombia — The United States has begun talks with several countries to find new bases of operation in Central and South America for the American military forces that must soon leave Panama, according to American officials.

The discussions, while preliminary, have become urgent because the United States has to close its principal airfield in Panama by May 1 as part of its agreement to relinquish control of the Panama Canal entirely by the end of 1999.

The airfield, Howard Air Force Base, just west of Panama City, supports the

bulk of the aircraft and other forces involved in U.S.-led efforts to stop the flow of cocaine and other drugs from South America. Without new bases by that deadline, U.S. commanders fear there could be an interruption in the interdiction flights.

The Pentagon has held talks with Honduras, Peru and Ecuador about the possibility of allowing small numbers of surveillance aircraft, such as AWACs, to use existing airfields in those countries, senior defense officials said, speaking on condition of anonymity because of diplomatic sensitivities inherent in America's military presence in the region.

Defense Secretary William Cohen said he had held discussions with a number of

countries gathered here for a three-day conference of defense ministers from the Americas but had not made a decision or reached an agreement on the bases.

"What we are looking for are forward operating locations that could be of assistance in surveying the territory to prevent the transfer of narcotics," he said Tuesday.

General Charles Wilhelm, commander of all U.S. forces in Central and South America, declined to identify prospective sites, but he said, "We need to be close to the regions where we need to operate."

Ever since the Panama Canal opened in 1917, the United States has kept a military presence in Panama, but that force has gradually dwindled in accordance with the treaties President Jimmy Carter negotiated in 1977 to return control of the canal to Panama.

The Pentagon had hoped to reach agreement with Panama to maintain a presence, and for a time, it considered a Panamanian proposal to create a multinational counternarcotics center at Howard. But those discussions faltered in September over Washington's insistence that it still be able mount other operations from the base, not just those involving drugs.

The United States now has about 4,000 troops in Panama, nearly half of them at Howard.

U.S. officials said Washington did not need large airfields, but rather support bases, with few troops.



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EUROPE

U.S. to Release Some Pinochet Files

Decision Could Open 'Can of Worms' Regarding Its Role in Chile

By Tim Weiner
New York Times Service

WASHINGTON — Treading into a political and diplomatic minefield, the United States has decided to declassify some secret government documents on the killing and torture conducted by the former Chilean dictator, Augusto Pinochet, whose predecessor was the target of American

General Pinochet took power in a 1973 coup against President Salvador Allende.

The decision to release such documents is the first sign that the United States will cooperate in the case against Pinochet.

Administration officials said they believed the benefits of openness in human rights cases outweighed the risks to national security.

But the decision could open "a can of worms," in the words of a former CIA official stationed in Chile, exposing the depth of the knowledge that the United States had about the crimes of the Pinochet government.

The CIA worked closely with Chile's secret police in the 1970s, at the time of the regime's worst human rights abuses, which included more than 3,000 killings.

General Pinochet, 83 years old and a senator for life in Chile, ruled from 1973 to 1990.

He stepped down as commander in chief of the Chilean armed forces earlier this year. He was detained in London on a Spanish court's warrant in October.

The court wants to try him for human rights abuses in the deaths of Spanish and other citizens. Last week, Britain's highest court denied him the immunity

he had claimed as a former head of state.

The case has stirred uneasiness in American diplomatic and intelligence circles. While some European government officials have supported bringing the former dictator to court, U.S. officials have largely stayed silent, reflecting skepticism about the Spanish court's power, doubts about international tribunals aimed at former foreign rulers, and worries over the implications for American leaders who might someday also be accused in foreign countries.

President Richard Nixon and Henry Kissinger, who served as his national security adviser and secretary of state, supported a rightist coup in Chile in the early 1970s, previously declassified documents show.

But many of the actions of the United States during the 1973 coup, and much of what American leaders and intelligence services did in liaison with the Pinochet government after it seized power, remain under the seal of national security.

According to Justice Department records, the files contain a history of human rights abuses and international terrorism.

In 1975, State Department diplomats in Chile protested the Pinochet regime's record of killing and torture, filing protests to American foreign policy with their superiors in Washington.

The CIA has files on assassinations by the regime and the Chilean secret police. The intelligence agency also has records on Chile's attempts to establish an international rightist covert-action squad.

The presidential library of Gerald

Ford contains many of Mr. Kissinger's secret files on Chile, which never have been made public. Through a secretary, Mr. Kissinger declined a request for an interview on Tuesday.

The Spanish court asked the Justice Department to review and release the documents under a legal-assistance treaty between the United States and Spain.

"It's a start," said Reed Brody, advocacy director for Human Rights Watch in New York. "The proof will be what documents we finally get, how useful they are, and how long it takes to get them."

He added: "This should not be a pretext for not having a policy on the need to bring Pinochet to justice for the thousands of murders and disappearances committed during his rule. The United States' silence on that question is being interpreted all over the world as passive support for impunity."

U.S. citizens were also killed by General Pinochet's forces, among them Ronni Moffitt, a 25-year-old researcher blown up by a car bomb a mile from the White House in 1976, along with a former Chilean foreign minister, Orlando Letelier, and Charles Horman, a 31-year-old filmmaker, writer and human-rights activist murdered during the 1973 coup.

U.S. Has 'No Fear,' Cohen Says

Washington has "no fear" about General Pinochet's possible trial in Spain on genocide charges, the U.S. defense secretary, William Cohen, said in Cartagena, Colombia, on Wednesday, Reuters reported.

The United States has no fear or no apprehension about any information pertaining to Mr. Pinochet," he said.

British Lord Forced to Quit

LONDON — The Conservative leader of the House of Lords, Viscount Cranborne, was forced to resign Wednesday by his party chief after striking a deal with Prime Minister Tony Blair over the reform of the upper chamber.

Mr. Cranborne was sacked by William Hague, who earlier rejected Mr. Blair's offer to keep 91 hereditary seats if the upper house withdrew threats to sabotage his legislative program, a spokesman for the opposition Conservatives said. Mr. Hague denounced the plan, saying it was made in exchange for his party's "acquiescence" to the rest of the government's "ill thought-out" legislative plans. (AFP)

Paris Museum Rejects Claim

PARIS — A Paris museum accused of holding art stolen by the Nazis said Wednesday that it was the rightful owner of a Georges Braque painting claimed by the heirs of a Jewish art collector.

Jean-Jacques Aillagon, head of the Georges Pompidou Center, said his museum had bought the 1914 cubist work "The Guitar Player" in 1981 from a Swiss dealer who had

obtained it legally on the art market. "We can only consider ourselves owners in good faith," Mr. Aillagon said. He said that he had not seen details of an ownership suit filed by descendants of the French art collector Alphonse Kann. (Reuters)

Greece Seeks U.S. Destroyers

WASHINGTON — Greece has asked the United States to sell it four surplus Kidd Class guided-missile destroyers and associated weapons for an estimated \$742 million, the Pentagon said.

The sale, if approved by Congress, would be the latest in a series of U.S. military sales in both Greece and Turkey despite continuing tensions between Athens and Ankara over the disputed island of Cyprus. (Reuters)

For the Record

One of hundreds of Russian teachers who had maintained a 10-day hunger strike over unpaid wages in a city on the Volga River has died following a heart attack, the director of his school said Wednesday. (Reuters)

Bonn Ties EU Expansion to Budget Reform

BONN — Foreign Minister Joschka Fischer said Wednesday that allowing new members into the European Union would be impossible without a wide-ranging reform of EU finances, including a cut in German contributions.

"If there isn't a reform, then tell me how expansion is supposed to work if we have to keep on shouldering more than our share of the burden," he told Parliament.

Germany, by far the largest net contributor of EU funds, has long lobbied for a reform of the bloc's finances. Talks with the next set of EU can-

didates — Poland, the Czech Republic, Hungary, Slovenia, Estonia and Cyprus — started last month, but the new German government has already sounded cautious notes over the process.

Mr. Fischer said that the EU now needed to impose "spending limits worthy of the name," citing agricultural policy as a major target for cutbacks.

In Brussels, Spain and the European Commission sought Wednesday to put a lid on a dispute between Madrid and the EU's richer members over the budget.

Germany, Austria, the Netherlands and Sweden, which all pay more into the central coffers than they get out, insist a

tight rein must be kept on the budget, which is due to rise to 85 billion Euros (\$100.4 billion) in 1999.

Together with Britain, France, Denmark and Finland, they want to freeze annual EU spending at this level until 2007, which would reduce the money available to help the bloc's poorer southern countries, including Spain, catch up with their northern neighbors.

The Spanish prime minister, Jose Maria Aznar, and the commission president, Jacques Santer, both insisted there were no formal plans for freezing EU spending or radically overhauling the way the EU shares out its cash.

INTERNATIONAL

Iraq Begins to Respond To UN Arms Questions

But Little New in Details, Inspectors Say

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — In a flurry of letters, Iraq has begun answering in considerable detail some of the questions posed by arms inspectors over the last year.

But officials of the UN Special Commission, which is in charge of disarming Iraq, said they have found little new in the responses.

The letters, released Tuesday, were apparently part of an effort to demonstrate cooperation as the chief weapons inspector, Richard Butler, was leaving for talks with the French and Russian governments, which are Iraq's strongest supporters in the Security Council.

The one positive note, officials said, was an Iraqi request for technical teams to help examine sites where a variety of weapons had been reported destroyed or destroyed by the Iraqis. Those weapons include shells of mustard gas and missile warheads.

Mr. Butler said he had received with satisfaction to the requests but recalled in a letter to Deputy Prime Minister Tariq Aziz that he proposed the work in June and was prepared to begin in August, when Iraq stopped inspections of new sites.

Officials of the commission, known as Unscim, say Mr. Aziz has stopped replying directly to Mr. Butler since Iraq stepped up its campaign to have him removed and replaced by a UN official. Mr. Butler is an independent expert on arms control who was the Australian representative at the United Nations before becoming executive chairman of the inspection agency, which reports directly to the Security

Council, not to the UN bureaucracy.

Iraqi officials are hoping to demonstrate adequate cooperation in the coming weeks to lead to a comprehensive review of relations with the United Nations. But they missed a deadline Monday to turn over a crucial document on chemical weapons that were used in the war with Iran from 1980 to 1988. The commission says it needs the document to determine how much of which chemical agents remain to be accounted for.

Despite repeated U.S. statements to the contrary, President Saddam Hussein expects that review to lead to a lifting of an oil embargo imposed in 1990.

Mr. Butler would have to find that enough progress had been achieved to recommend starting a review. Russia said recently that not everything could be known about the remnants of the Iraqi weapons programs and that it was time to close the books on what is known and move on.

Iraq is still under the threat of U.S. and British attack if it refuses to cooperate with the inspectors, a threat that the UN secretary-general, Kofi Annan, underlined this week when he said in response to questions on a trip to North Africa that the Americans did not need to return to the Security Council for authority to take military action against Iraq.

The United States and Britain are also actively courting a wide range of Iraqi opposition groups and individuals with promises of assistance if they are willing to work together in trying to topple Mr. Saddam. Iraqi exiles said this week. The exile groups have been told that there could be a change in Iraq in a month or two, an exile leader said.



An Iraqi officer showing where tanks were hit by U.S. artillery during the Gulf War. He was taking part in a conference Wednesday in Baghdad on the impact of depleted uranium in the U.S. rounds.

On Tuesday, the government-controlled Iraqi newspapers published a letter from Foreign Minister Mohammed Said Sahhaf to the Security Council that asked for a meeting on "acts of aggression against Iraq and its sovereignty and territorial integrity."

An Arab diplomat, Jassim Mohammed Buallay, the representative of Bahrain on the Security Council, takes over the rotating presidency of the council from the United States on Tuesday. Other diplomats are watching to see whether Iraq will be able to muster additional support, or more of a hearing, with someone from the Gulf at the helm.

Although Bahrain, where the special commission maintains its regional base, has supported the United States on Iraq, it is the only

Arab country on the Security Council, and it will be expected to reflect the views of other Arab nations, as well as its own.

Butler Confers in Paris

Mr. Butler held talks Wednesday with senior French diplomats on the verification of disarmament in Iraq, Reuters reported from Paris.

French officials said Mr. Butler, who was due to leave for Moscow on Thursday, met officials at the Foreign Ministry, including the ministry's secretary-general, Loic Hennekin.

France and Russia are the two permanent members of the Security Council that have been most critical of the work of Unscim.

Mr. Butler's spokesman, Ewen Buchanan, has said the visits to Paris

Implants Fairly Safe, Science Panel Finds

By Gina Kolata
New York Times Service

NEW YORK — A panel of four scientists appointed by a federal court has concluded that scientific evidence has so far failed to show that silicone breast implants cause disease.

The scientists said some of the research they reviewed was flawed, and that as a result they could not absolutely rule out the possibility that a link between implants and disease might one day be established. But they said that was unlikely.

Judge Sam Pointer Jr. of the U.S. District Court in Birmingham, Alabama, who oversees breast implant lawsuits to the federal courts, appointed the panel two years ago to provide expert testimony independent of either side in the litigation.

The panel's report was filed Tuesday (it is available on a Web site: <http://www.fjc.gov/BREMLIT/ind926.htm>). Now the four scientists will give depositions under oath about their findings, and their testimony will be videotaped for use in federal courts where breast implant cases have been filed.

Implant manufacturers who are defending the suits were delighted with the report's findings.

John McGoldrick, a senior vice president and general counsel at the Bristol-Myers Squibb Company, which has 6,000 cases pending against it, called the report "very strong" and said it would have "significant impact."

But Sybil Goldrick, a lawyer with implants who was a founder of an advocacy group

for women with implants, criticized the panel. She said it had focused too closely on scientific studies and had not paid enough attention to the experiences of individual women with implants.

Implant makers concede that many women develop scar tissue or even inflammation in their breasts after receiving implants, and that the implants can rupture. But the litigation involves assertions that the silicone in the implant can cause systemic problems.

"This is about as damaging a report as I can imagine," said Michael Green, a law professor at the University of Iowa who said he has no connection with the implant litigation, but who studies the use of scientific evidence in toxic substance litigation.

The toxicology section, written by Dr. Nancy Kerkvliet, an immunotoxicologist at Oregon State University, concluded that "there is no evidence that silicone breast implants precipitate novel immune responses or induce systemic inflammation."

The immunology section, written by Dr. Betty Diamond of the Albert Einstein College of Medicine in New York, concluded that "women with silicone breast implants do not display a silicone-induced systemic abnormality in the types or functions of cells of the immune system."

The biggest study yet on the issue of implants is still under way. That study, involving 13,500 women and directed by Dr. Louise Brinson of the National Cancer Institute, will be published early next year.

CROSSWORD

ACROSS

1 Science fiction award

3 Old-War, for

5 Mail nuisance

10 Football Hall-of-Famer

14 Puts some leaves

15 Florence blooder

16 "Alas!" sighed the lean legs

19 Chemistry actor

20 Confir-

21 Brinkers

22 Some blues

24 Unkept yard, e.g.

26 Cheese scene?

28 Trumpet I— (art.)

31 Minerva's symbol

32 "Big deal," said the pockets

33 Fabled loser

36 Speak of love

38 Scheme

41 "Oh dear!" cried the wail

48 Home in space

47 Big video game

48 Model-turned-actress

49 1987 Spielberg movie

50 Carl Eller

51 "Far out!"

52 Those of Juan's

53 Malicious

54 "I hear you!" replied the seat

55 Like some antibiotics

56 Isabel I, e.g.

57 Jr.-shole?

58 It's under layers

59 Former Or

60 Demolitionist's supply

61 Flea or gnat

62 Start of a correction

64 "To do" list

65 Countdown

66 1984 singing gold medalist

67 Notions

68 Doctor's orders

69 Stealing: Prefix

70 FedEx, say

71 M-G-M founder

72 Assuming that

DOWN

1 Peddie

2 1987 Peter

3 Fonda title role

4 Yielded

5 Unintended

6 "Aud"

7 1988 erupter

8 Probe (first)

9 Words also "postscript"

10 Blue

11 Look at things to come?

12 Jacques Cousteau's world

14 Plywood layer

17 Easy waters

18 Highland parts

19 Because

20 Because

21 Down output

22 Spicy cuisine

23 TV's Griffin

24 Spinks and others

25 Pairs

26 Was sweet (on)

27 Bone under a watch

28 Sweet

29 Demolitionist's supply

30 Flea or gnat

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TribTech

TODAY
LEISURE

In Intelligence, It's Now Smart to Be On-Line

Top-Secret U.S. Network Puts the Latest Satellite Pictures From Suspect Sites Within Immediate Reach

By Vernon Loeb
Washington Post Service

WASHINGTON — Four years ago, the U.S. intelligence community started to realize that "information superiority" in the Internet age called for more than glossy documents ferried around town in highly secure vans.

The need for intelligence in real time was becoming more acute with each passing conflict, having been publicly flagged after the Gulf War by none other than General Norman Schwarzkopf, who loudly complained that the intelligence community had failed to put satellite imagery into his hands fast enough.

Today, the latest satellite photos of terrorist camps and Iraqi tank formations are but a click away. Imagery, communications intercepts and all manner of intelligence reports move in seconds across an intelligence community intranet called Intelink, a top-secret, super-secure network that has revolutionized the dissemination of U.S. intelligence and become a potent, searchable analytic tool for analysts and military officers all over the world.

Fredrick Thomas Martin, a former National Security Agency official, tells how all this happened in a new book called "Top Secret Intranet," describing a journey through cyberspace in which the 13 U.S. intelligence agencies have gone from zealously guarding their own secrets to sharing many of them over what the book calls "the world's largest, most secure network."

"Intelink," writes Mr. Martin, "has become an information service that is critical to the intelligence mission of this nation."

Switched on in late 1994, the network is now used regularly by 50,000 analysts, operatives, military officers and policymakers with top-secret security clearances at 100 sites. They can click on the latest satellite

imagery from the National Imagery and Mapping Agency, search the network for communications intercepts from the National Security Agency and chat electronically with analysts of various stripes about the latest terrorist threats and military maneuvers.

What makes the network's creation all the more remarkable, in a procurement culture known for the \$600 toilet seat and the \$7,600 coffee pot, according to Mr. Martin, is that the handful of computer maven who started it decided to use only commercially available software pioneered on the Internet and the World Wide Web. Intelink now runs with a Netscape browser and a variety of commercial search engines, including AltaVista. The searchable universe consists of 440,000 electronic pages, which would make it a very large site by commercial standards. By contrast, *WashingtonPost.com* has 241,000 pages.

For the highly secretive intelligence community, talking the talk of Web technology proved easier, in some respects, than walking the walk. The power of Web-based data searchable across a vast network forced it to re-examine — and ultimately waive — its "need-to-know" doctrine for disseminating intelligence, which has for years kept information tightly compartmentalized and shared only with those who need to know and use it.

"As one can imagine, there were many pockets of resistance — people who were adamantly opposed to waiving or even relaxing the 'need-to-know' principle," Mr. Martin writes. "But, interestingly, once the success of Intelink had been established, there was no turning back, and very little talk about turning back."

Mr. Martin describes the network as impenetrable to attack by hackers because it runs on dedicated Defense Department networks that have no link to the Internet. This "air gap" is the first line of defense.

The second is this: To open an Intelink account with the network's 24-hour operations center housed at the National Security Agency's Fort Meade headquarters and obtain a password, a would-be user must first have obtained a top-secret security clearance.

Also, Intelink terminals are located only inside top-secret government facilities, and even if a hacker somehow managed to tap into a secure Pentagon phone line and intercepted raw data moving over that line, Mr. Martin says, he would still have to defeat an encryption algorithm the National Security Agency is confident cannot be broken.

STILL, INTELLIGENCE officials such as John Dahms of the CIA, recently appointed the intelligence community's first chief information officer, remain obsessed with security. They are worried not so much about hacker threats from the outside but the potential for penetration from within. A Capitol Hill analyst who monitors intelligence recently called Intelink a "revolution in a positive and negative sense."

The analyst said, "From a counterintelligence point of view, it's as frightening as anything you could imagine," pointing out that a traitor such as Aldrich Ames of the CIA, if given access to Intelink, could download secrets that might not otherwise have been available to him. But even if that were to happen, Mr. Dahms said in a recent interview, it is doubtful that a traitor could use Intelink to obtain information about ongoing intelligence operations and the names of foreign intelligence assets. That kind of information, which Mr. Ames sold to the KGB in the mid-1980s, is not put up on the network, Mr. Dahms said.

All 13 intelligence agencies, Mr. Dahms said, maintain their own internal intranets separated by firewalls from Intelink. Raw, working data about sources and operations

stay inside the firewall, he said, leaving Intelink largely for "finished" intelligence.

"Some people see that as withholding information — begrudgingly putting out the more generic, vanilla intelligence," Mr. Dahms said. "CIA especially falls within that criticism, because so much of our intelligence comes from very sensitive sources. And we're just not about to put it out for 400,000 people to browse."

Given its security obsession, Mr. Dahms said the intelligence community was working on software to reinstate the "need-to-know" compartmentalization on the network, building certain identification pages that require their own digital identifications for a user to gain access. But security concerns have failed to keep network use from growing rapidly.

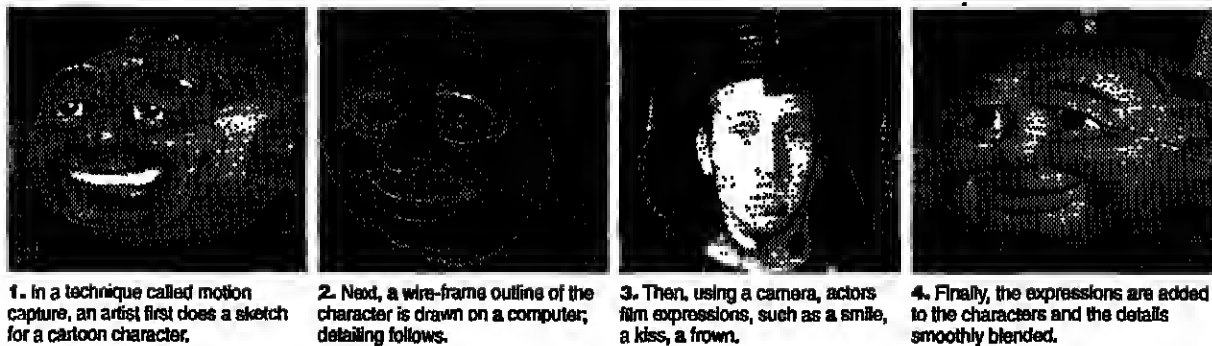
In 1994, several months after Steven Schanzer, an information systems official at the Defense Intelligence Agency, first sold the CIA director at the time, R. James Woolsey, on his vision of a CompuServe kind of environment for the intelligence community, in 1994, the network went on-line with a handful of users. No one was ordered to participate, and no one was told what to post.

"The whole concept was the power of the information," Mr. Schanzer, now director of the Defense Security Service, said in an interview. "It grew almost exponentially from Day 1." Five years ago, production of a "finished" intelligence report often involved a flurry of secure faxes among analysts at different agencies, meetings around Washington and mailing lists for 300 or 400 recipients. Paper documents were then delivered by secure truck and airplane, Mr. Dahms said.

With Intelink, he said, documents are posted instantaneously, and analysts at different agencies are starting to produce intelligence reports collaboratively over the network.



Mr. Martin tells how the network called Intelink has revolutionized the dissemination of U.S. intelligence.



1. In a technique called motion capture, an artist first does a sketch for a cartoon character. 2. Next, a wire-frame outline of the character is drawn on a computer; detailing follows. 3. Then, using a camera, actors film expressions, such as a smile, a kiss, a frown. 4. Finally, the expressions are added to the characters and the details smoothly blended.

Real-Time Animation Hits Prime Time

Through Computers, Actors Give Cartoon Characters Lifelike Expressions

By Andrea Adelson
New York Times Service

NEW YORK — Traditional cartoon animators who create two-dimensional characters for television now routinely use computer graphics to replicate the hundreds of frames needed to make a character move.

But the creators of a new U.S. show, "Jay Jay the Jet Plane," are using an entirely different method called real-time performance animation in which the facial expressions of as many as seven actors are detected by sensors and fed into computers, giving expressive vitality to animated characters.

The so-called digital motion-capture technique has never been used for an entire 24-minute show, according to Bruce Johnson, a former Hanna-Barbera executive who started Porchlight Entertainment in Los Angeles to create children's programming.

"Jay Jay" is a joint venture of Porchlight, Chris Walker's Modern Cartoons and the character's creator, David Michel, a Dallas executive who hopes to convert the airplane stories he made up for his son into a licensing franchise.

Digital motion-capture technology has existed for a decade, but its use has been limited to a single virtual character for video or CD-ROM games and for special effects in feature films, such as the figures who dangled from ropes in "Titanic." Animated films such as "Antz" from DreamWorks SKG and "Toy Story" from Walt Disney Co. get their three-dimensional quality through the costly, time-consuming process of adding realistic lighting and backgrounds by computer.

Motion-capture makes animation more affordable by speeding production and lowering costs; it also improves production values by giving characters the humanistic qualities animators strive



Chris Walker, executive producer of Modern Cartoons, demonstrating a camera system that transfers actors' expressions to cartoon characters.

for, said Joan Collins Carey, a visual-effects producer who is assembling a documentary on computer animation. "The direction Chris is going in is leading the rest of the industry," she said. "This is very good for studios that want to kick out content."

To orchestrate all the "Jay Jay" elements — seven character performers, two walk-on live-action characters, miniature sets and seven model airplanes — meant spending \$1 million during the past year converting a missile plant in Oxnard, California, into a studio. Proprietary software that synchronizes 35 Compaq Alpha NT computers does the job.

Like a situation comedy, "Jay Jay" uses several cameras that shift the audience's point of view. "We're shooting 11 minutes of production animation a day," said Douglas Rask, the producer. "It's a volume unheard of in animation."

Modern Cartoons falls short of the

Holy Grail of animation: the simulation of human motion naturally. "Jay Jay" characters rely only on actors' faces; their bodies are airplanes. But Walker thinks the show has achieved a breakthrough.

"We've industrialized cartoon production with motion-capture," he said. "I've been working toward this for 12 years."

The show began last month on the Learning Channel, the cable network owned by Discovery Communications Inc. and distributed to 70 million homes. It has licensed 26 episodes for each of three years. The partners hope to turn a profit by selling foreign broadcast rights and merchandising.

In the last four years, Michel has sold 250,000 "Jay Jay" videos that featured some of the same production techniques, mostly using direct-response advertising on two children's cable channels, Viacom Inc.'s Nickelodeon and Time Warner Inc.'s Cartoon Network.

ALT / Commentary

Getting Organized: Just a Click Away

By Margot Williams
Washington Post Service

WASHINGTON — It's no coincidence that the approaching new year brings thoughts of reorganizing our lives. The shopping aisles are filled with calendars, planners and palmtop digital assistants, all fresh and blank. Once again, we're filled with hope that if we can just find the right kind of organizer, the year will get off to a good start.

Maybe you'll find the calendar or scheduler of your dreams on the Internet.

At more than a half-dozen password-protected on-line sites, you can set up, access and update fifty individual and group calendars, at any time, from any computer connected to the World Wide Web. Presented with familiar choices of daily, weekly or monthly page views, you can schedule one-time or recurring appointments for meetings, events and anniversaries and add preferences from lists of national and religious holidays.

Other features that are offered now or promised soon include scheduled reminders sent to your e-mail account or pager, compatibility with Palm Pilot handheld computers and Microsoft Outlook software, shared calendars for your family or club, and even automatic tracking of your entertainment and shopping interests.

Remind U-Mail (calendar.swing.upenn.edu) is an easy-to-use basic scheduler that was created by a student at a University of Pennsylvania server. As its name indicates, the free service's most useful feature is a fully functional e-mail alert. For any appointment entered in the calendar, you can write yourself a reminder and schedule its automatic delivery to your e-mail box.

Yahoo Calendar (calendar.yahoo.com) is a handy addition to the portal's expanding communication services; you use one password for Yahoo's mail, chat and calendar. The pages resemble the personal information managers on most handheld computers. You can download and upload your personal schedule in Palm Pilot or Microsoft Outlook formats to synchronize with the calendars on your other gadgets.

But unless you're always on-line and able to keep this calendar synchronized with a palmtop and PC, the Web-based calendar is a lot of work without much reward.

Lacking a handheld device, I have to print out the pages on paper and carry them crumpled in my purse or re-enter the appointments in yet another portable appointment book for trips away from my browser.

Besides, I'm still wary about entrusting the details of my daily life to a remote location out in cyberspace. Although I'm willing to believe the Web services' posted commitment to reliability and customer privacy, I also clicked on "I accept" for their posted denials of liability for interrupted service, loss of data and anything else that could go wrong on their side. And I'm not ready to trust that my own connection will always work either.

But other Web-based calendars offer features that my off-line planner can't. One of them is Calendars Net (www.calendars.net), a community-minded calendar-hosting site that encourages groups to maintain on-line schedules of their events. Unlike the community calendars that cling magnetically to your refrigerator door, Web-based calendars can reflect sudden changes or program cancellations — no postage or envelope stuffing required. And this nonprofit site is free of advertising.

For something new and different, When.com (www.when.com) offers both custom personal and group calendar formats similar to those on the other services along with a database of event listings that you can track and have added to your own schedule automatically.

The service — just one month old and still in test mode — will rely on commercial sponsorship, targeted banner advertising and a revenue stream from the electronic commerce it hopes to produce. On-line shopping partners include Barnes & Noble Inc. and Music Boulevard. Eventually, users will be able to purchase tickets for a multitude of events now listed in When.com's database.

Currently, When.com lets you track events for U.S. and Canadian metropolitan areas provided by Pollstar's popular-music concert and club date listings and the CultureFinder database of dance, opera, symphony and theater performances.

ESPN SportsTicker provides game schedules and other sporting events. Television listings (with segment descriptions), live multimedia Web events and scheduled Web chats and high-tech trade show schedules are also available.

To track events, you select the type of event and subject or venue. For example, I chose to see new mystery and reference book releases, dance performances in the Washington area and the TV listings for "NYPD Blue" (including late-night reruns) and "Ally McBeal." I also could have asked to see new CD, movie or video releases, horoscopes or weather.

E-mail reminders and palmtop synchronization are not yet available at When.com, but will be coming soon, the company says.

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SITES

Web calendars include Festival Finder, which lists more than 1,500 music festivals, and TechCalendar, which has technology conferences, seminars and other information and technology events.

www.festivalfinder.com and www.techweb.com/calendar Today's Calendar and Clock Page gives the time, date and year according to just about anyone and anything, including the Muslim Prayer Time calculator and the French Revolutionary calendar.

www.pamix.com/~wilder/calendar.shtml

BRIEFLY

NAZIS' VICTIMS IMMORTALIZED: A vast project is under way at Yad Vashem, the Holocaust institute in Israel, to build a detailed electronic portrait of European Jewry on the eve of and during the Holocaust. The result would be a computerized database yielding personal information on millions of victims of the Nazis' mass extermination, anything available before.

While the undertaking is at an early stage and faces logistic and technical hurdles, researchers in Israel and the United States say the project could become a treasure trove for scholars and the public. It could also help reclaim in accessible form some of the history that perished along with Europe's Jews.

"This has never been done in the annals of mankind with any large community," said Yacov Lozowick, head of the Yad Vashem archives, "and I find it a fine irony that it be done, of all possible groups, precisely with the one group which was to be totally eradicated."

The project will cost up to \$30 million, he said, both to collect documentation not

yet at Yad Vashem and to collate the data. So far, the database includes 1.5 million names, some of them overlapping. By the time it is complete, it is expected to contain 16 million to 20 million such entries, four or five times more than officials at Yad Vashem expected. (WP)

STAR-QUALITY GRAPHICS: Hedy Lamarr has settled a lawsuit that alleged Corel Corp. had misappropriated the Hollywood star's image.

The Canadian company announced the settlement but did not disclose the terms. But the deal grants Corel an exclusive license to use a likeness of Miss Lamarr in her youth on the cover of its graphics-software packages.

Miss Lamarr, who is now in her 80s, starred in the late 1930s through the '40s such films as "Lady of the Tropics," "Ziegfeld Girl" and "Samson and Delilah." She sued in March after Corel used an illustration of her, created using Corel technology, on the packaging of a version of CorelDRAW. The illustration had won a Corel contest. (Reuters)

PALMPILOT WITH INTERNET: 3Com Corp. is expected to introduce a version of its PalmPilot handheld computer this week that lets users connect to the Internet with wireless communications.

The company will unveil the product during its Palm Computing Platform Worldwide Developer Conference for software designers, sources said; 3Com declined to comment.

The PalmPilot, which lets users store data like names and addresses, accounts for more than 70 percent of U.S. sales of handheld computers, with more than 1 million sold this year, according to the market researcher International Data Corp. (Bloomberg)

HOTMAIL FOR THE MASSES: Microsoft Corp. said worldwide membership in its free Hotmail e-mail service had surpassed 30 million, reaffirming its position as the biggest electronic mail service in the world.

The software maker said Hotmail added two-thirds of those members since Microsoft bought the service for an es-

timated \$450 million a year ago to enhance its Microsoft Network on-line hub. Hotmail lets users read and send e-mail from any personal computer with Internet access.

Microsoft has trumpeted Hotmail as a free e-mail service on Microsoft Network, which is being revamped to compete more directly against America Online Inc. Hotmail has more than twice as many members as AOL, Microsoft said. A larger audience allows Microsoft to charge advertisers more money. (Bloomberg)

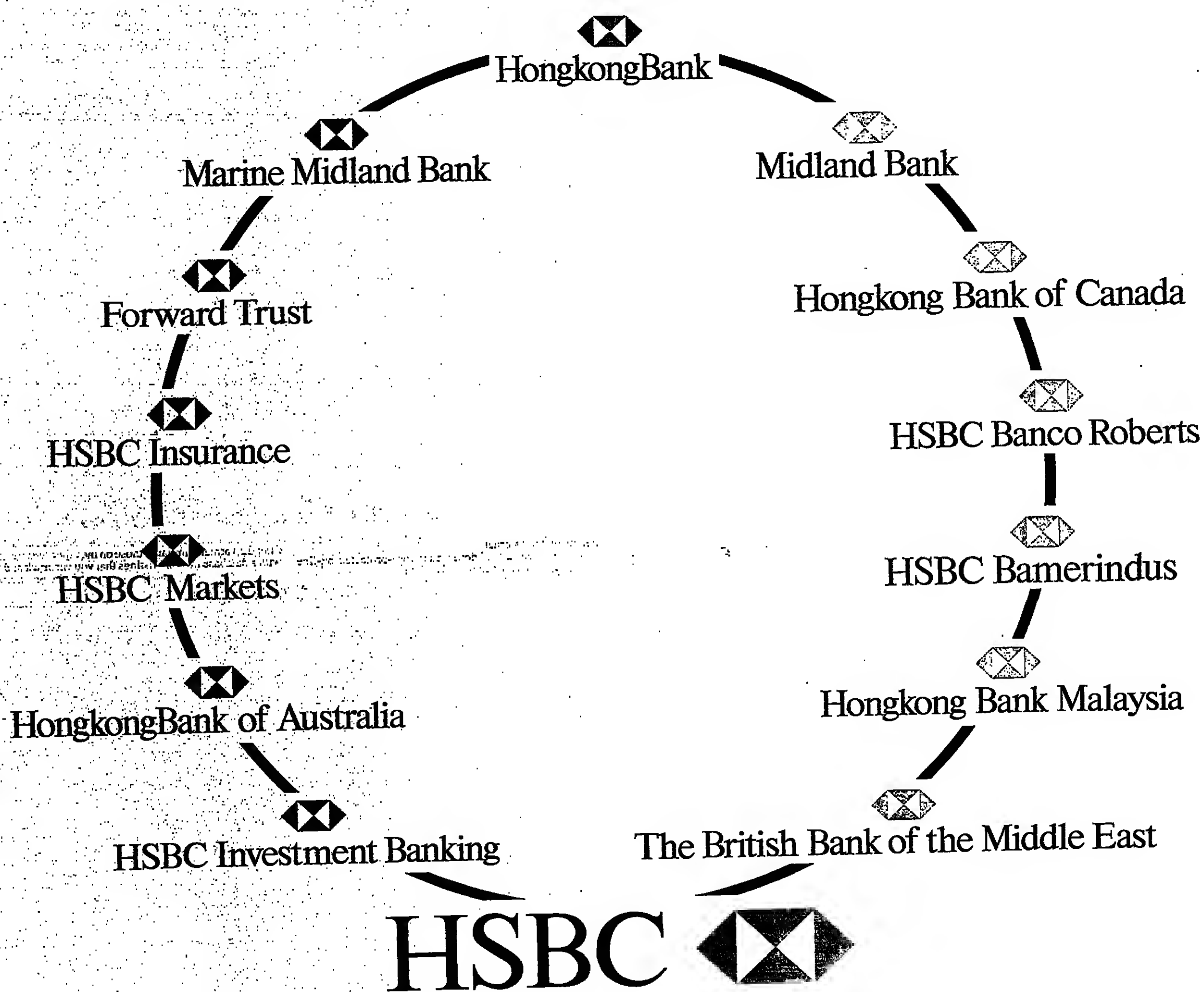
PHOTOS FOR SALE: Corbis Corp., the photo archive company owned by the Microsoft chairman, Bill Gates, is now selling on-line more than 1,000 photos and 80 digital images that can be licensed for personal use.

Corbis, which has purchased the rights to 25 million pictures since 1989, is selling poster-sized framed prints of the limited selection for \$16 to \$80. Along with posters, books and notecards of Ansel Adams photos, they can be purchased at www.corbis.com. (Bloomberg)

TECHNOLOGY INDEX			
Technology stock indexes around the world:			
North America	Tuesday close	Pct. change previous week	Pct. change year to date
Pacific Exchange Tech	405.39	+0.62	+39.52
S&P Tech Composite	1078.82	+3.32	+54.10
Europe			
Morgan Stanley Eurotec	550.07	+1.85	+42.80
Asia			
Topix Electric	1593.14	+1.62	+3.10
Source: Morgan Stanley, Bloomberg News			
For technology articles from the past week, see TribTech on the IHT's World Wide Web site at http://www.ihrt.com . Articles include:			
<ul style="list-style-type: none"> Hong Kong Seeks a Place on High-Tech Map, Nov. 26 William Satellite Phone: Impressive, but With Limits, Nov. 26 Competition Hurts Sales at Telecom, Nov. 26 Arch's Master of Deeds: A Low-Key Pioneer, Nov. 26 Will 400 Days Left to Fix the Millennium Bug, It's Quench Time, Nov. 27 Telecoms to Invest \$3.8 Billion in Brazil, Nov. 27 Hitschi Posts Its First Loss, Nov. 27 Surfing Stormy Internet Seas, Music Pirates, Nov. 30 Telecom Seeks to Open in Spain and Ireland, Dec. 1 AirTouch Joins Japan Ventures, Dec. 2 			
To reach TribTech editors or to comment on IHT tech coverage, send e-mail to tribtech@ihrt.com . International Herald Tribune.			

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Oil Gets Thicker

It was only two decades ago that the oil industry seemed to be sitting astride the global economy. Oil prices were high and were expected to continue rising indefinitely, much of the developed world was facing economic difficulties caused in part by high energy prices, and there was fear that inflation would never be brought under control. Now nearly everything has changed, and a struggling oil industry is seeking security through combination as it confronts prices that, adjusted for inflation, are lower than those that prevailed before the first oil shock a quarter of a century ago.

Some causes of low prices, such as warm weather, could change rapidly. Others, such as Asia's recession, will not be with us forever. But the low prices also reflect a technological revolution that has transformed the energy industry.

Companies are less likely to drill dry holes, and are able to get more oil from what they do find. Chemical plants and refineries can push out far more product than they once did. Increased production is good for any one company, but not for the industry.

It is against that backdrop that the merger wave must be viewed. Exxon is buying Mobil only months after British Petroleum agreed to buy Amoco. Two big European companies, Total and Petrofina, also are combining.

Much has been written about how John D. Rockefeller's old Standard Oil is being put together decades after an-

titrust regulators tore it apart. But these deals are far different. The industry has spent much of the last decade cutting costs as much as it could. Now it seeks savings from consolidation, and companies fear being the last one to do a deal.

Antitrust regulators in many countries will carefully examine the Exxon-Mobil merger, and some divestitures will no doubt be needed. But these deals do not reflect either power over markets or a hope of attaining such power. The oil business is a harshly competitive one in which many companies are only beginning to adjust to this year's plunge in prices.

Mobil and Exxon say their merger will enable them to cut employment by 9,000 jobs, or around 7 percent, and cut capital spending by \$1.5 billion, or 10 percent, but there is a good chance that some of those cuts would have been made anyway.

Big oil remains profitable. Fred Leffler, an analyst at Bear Stearns, forecasts that 1998 profits of Mobil and Exxon combined will total \$8.5 billion. But earnings are falling, and will be under continued pressure if oil prices do not recover sharply.

Perhaps the most revealing comment came in the form of a denial by Lucio Noto, the Mobil chairman. "This is not," he told reporters, "a combination based on desperation." No such denial would have been needed even a few years ago.

—THE NEW YORK TIMES.

Spinning Out of Control

The House Judiciary Committee's impeachment inquiry has spun out of control. On Tuesday the Republicans expanded the inquiry to include campaign finance allegations from the 1996 elections — approving subpoenas for two Justice Department memoranda regarding Janet Reno to seek an independent counsel. No matter that, by its own schedule, the panel has only a few days remaining to conduct the duplicative investigation. Some Republican members are meanwhile said to be contemplating an article of impeachment on obstruction of justice without having done any significant fact-finding on the obstruction allegations in Kenneth Starr's referral. And they spent Tuesday in yet another hearing, this one on the consequences of perjury, that did not advance or clarify the evidentiary record against Bill Clinton.

The move into the campaign finance arena is a sign of incoherence and seeming desperation on the part of the Republicans. The issue has been investigated by a Senate committee, a House committee and a Justice Department task force over the past two years. None of these investigations has developed evidence of what any reasonable person could deem an impeachable offense. The allegations that most implicate the president, in fact, involve an area of law that is quite ambiguous.

Sorting out whether the Clinton campaign engaged in illegality here is best left to the Federal Election Commission, whose staff issued draft audit reports on Tuesday recommending that

both the Clinton and Dole campaigns be required to return millions of dollars in matching funds because of improper coordination between the campaigns and their party committees. Congress has passed on all opportunities to change the campaign finance laws in ways that would clarify that the Democratic National Committee's solicitation and use of soft money in 1996 was illegal. To construe that conduct now as somehow germane to an impeachment inquiry is deeply irresponsible.

It is also a distraction. Unless Republicans mean to drop any consideration of impeachment articles on the obstruction of justice allegations that Mr. Starr sent to Congress, they must attempt to clarify ambiguities in the factual record that he compiled. The grave impact of perjury on the judicial system is certainly a fair point for Republicans to make in the context of this inquiry, but it is no substitute for the establishment of the rigorous factual record that is necessary to debate whether a national election should be overturned by impeaching a president.

The committee's decision regarding whether or not to report articles of impeachment is approaching quickly. Members have no time, let alone credibility, to burn on a fishing expedition on campaign finance, and they have an obligation to attempt to discern whether Mr. Starr's judgments on a whole series of questions were apt ones. The behavior of both parties on the panel has become a kind of caricature.

—THE WASHINGTON POST.

E-Mail Nightmare

When e-mail first came along, even those too skeptical to fall for promises about the "paperless office" thought it would make record keeping easier and more compact. The U.S. National Archives, having wrestled for years with archiving government e-mail and having been sued several times, knows better. Electronic records, says a September letter from Archivist John W. Carlin, "pose the highest challenge ever to record keeping in the federal government and elsewhere."

The challenges are technical as well as managerial and political. More and more government departments use e-mail and electronically stored documents in their daily work, but they are on different systems. Periodic upgrades make matters worse, because documents created or stored on one system are often impossible to read or search on another.

The chaos is compounded when these records are transferred, as required by law, to the Archives, which must keep "record copies" of all documents deemed significant — under laws written when documents were created and filed on paper.

The archivist's understandable first

stab at the problem was a ruling that executive branch e-mails could be deleted if paper printouts had been made. It was properly rebuffed by the courts because so much information about an e-mail is lost when it is printed out, including when it was written and sent and who read it.

The Archives' recent announcement that it had endorsed a standard for electronic records management arrived at by the Defense Department is, therefore, a sign of modest progress. It is an outgrowth of an Archives decision to consult with departments on the problems raised by their systems and the kinds of records they generate. But the strategy also involves encouraging other departments to adopt standards that have been deemed workable, the better to simplify the Archives' task of developing some form in which all government records may someday be stored and searched.

How the government ends up storing its records for posterity also will help shape the approach of libraries and academic institutions. The stakes in this project are as enormous as its daunting complexity.

—THE WASHINGTON POST.

AIDS Epidemic: An Emergency of Epic Scale

By Lester R. Brown

WASHINGTON — When the United Nations' demographers released their biennial update of world population projections on Oct. 28, they shocked the world. The projections were substantially lower, partly because of the devastating toll of AIDS. The massive rise in deaths now in prospect in many countries marks a tragic new development in world demography.

These projections are the first to use the World Health Organization's new data on HIV infection rates. In some countries in sub-Saharan Africa, a staggering one-fifth to one-fourth of the adult population is HIV-positive. In Zimbabwe it is 26 percent, in Botswana 25 percent, and in Namibia, Swaziland and Zambia 18 to 20 percent.

Barring a medical miracle, these countries will lose one-fifth or more of their adult population to AIDS within the next decade. To find a precedent for such a potentially devastating loss of life from an infectious disease we have to go back to the decimation of New World Indian communities by the introduction of smallpox in the 16th century, or to the bubonic plague that claimed roughly a third of Europe's population during the 14th century.

Industrial countries have been able to

hold HIV infection rates in the adult population under 1 percent, but in developing countries they are soaring. After decades of relentless rapid population growth, these countries are showing signs of demographic fatigue as they struggle with the challenge of educating growing numbers of children, creating jobs for swelling ranks of young job seekers and dealing with the environmental effects of population growth. When a major new threat arises, such as AIDS, governments often cannot muster the leadership energy and fiscal resources to cope.

Social problems routinely managed in industrial societies are becoming full-scale humanitarian crises in many developing ones. As a result, some of the latter are now headed for population stability or even decline in a matter of years, not because of falling birthrates but because of fast-rising death rates.

Rising AIDS fatalities could halt Zimbabwe's population growth in 2002. Life expectancy in Botswana is projected to drop from the historic high of 61 years in 1990 to 41 years in 2000.

In addition to adult deaths from

AIDS, some 30 percent of infants born to HIV-positive mothers are born with the virus. Their life expectancy is two years. The epidemic is also creating a new population subset, AIDS orphans. Already 7.8 million in sub-Saharan Africa, their ranks are growing fast.

The social and economic effects of the HIV epidemic are just starting to materialize. In contrast to most potentially fatal infectious diseases, AIDS takes its toll not so much among the very young and the elderly as among young professionals — the very engineers, accountants and teachers needed to develop the economy. Indeed, the precipitous drop in many countries in life expectancy, the sentinel indicator of economic development, could erase half a century of progress almost overnight.

Two lessons are to be learned from this epidemic. The key to controlling it is to jump on the disease early before it spirals out of control. And population growth must be slowed before even more governments are overwhelmed by demographic fatigue.

Two countries, Thailand and Uganda, have succeeded in curbing the spread of the virus. In both, the epidemic was treated as an emergency.

President Yoweri Museveni led the effort that enabled Uganda, which is probably where the disease originated, to stem the tide. In both countries, an intense educational effort accompanied by the free distribution of condoms played an important role.

Family planning programs and the distribution of condoms are keys to controlling the spread of HIV infections.

Just days before the United Nations released the new projections, a little-noticed amendment, inserted into the U.S. budget at the last minute by the congressional leadership, cut off all funding for the UN Population Fund, the principal source of international family planning assistance. Congress, mired in the quicksand of anti-abortion politics, is depriving developing countries of the assistance they need.

The HIV epidemic should be seen for what it is, an international emergency of epic proportions that could claim more lives in the early years of the next century than World War II did. Any decision to withhold help in controlling it should not be taken lightly.

The writer is president of the Worldwatch Institute. He contributed this comment to The Washington Post.

In China, Leninist Politics Brings Economic Impasse

By Jim Hoagland

WASHINGTON — The economic news from China makes clear the unsteady, and unsettling, nature of reform in the world's most populous nation. China's fate is still up for grabs as its Communist rulers veer between free market practices and Leninist politics in their battle for survival.

The aged Politburo has confounded the predictions both of bloody revolution and of smooth transformation to capitalism that flourished at the beginning of the decade. But serious problems are now emerging that could undermine this regime's claim to legitimacy.

President Jiang Zemin and his aides have hoisted themselves on an increasingly dubious promise of delivering 8 percent growth again this year. To achieve that politically sacrosanct target, the government has ordered China's banks to provide more huge unsecured loans to unprofitable state-owned industries that are already deeply in debt.

China's leaders are trying to buy growth by impounding the nation's household savings. They add another story onto the house of cards that they promised to dismantle with free market reforms.

China's rapid growth in the 1990s has become the nation's talisman. Growth is cited by the government as justification for the massacres of pro-democracy demonstrators in 1989, for the repression that followed and for the small political openings that Mr. Jiang has allowed more recently. But the retreats from capitalism show how deeply worried the Politburo is by widening unemployment and social unrest that followed factory closings in the spring.

"They are trying to save state-owned enterprises that have been bleeding red ink for a decade or more," says the Brook-

ings scholar Nicholas R. Lardy, "when they should be directing credit toward smaller, nonstate and productive enterprises."

Mr. Lardy's penetrating new book "China's Unfinished Economic Revolution" shows that bank deposits of citizens are being systematically raided by the government to support the failing state industries. Investment funds are being shifted out of fast-growing coastal regions and pumped into slow-growing areas still tied to collectivism.

Mr. Lardy passionately masks the shakiness of China's banking system. He suggests that China's respite from the Asian financial crisis is temporary, a prediction that strikes at the heart of President Bill Clinton's entire China strategy.

China's rate of growth is in any event overstated, and de-

pendent on an extraordinarily high household savings rate, Mr. Lardy shows.

His credibility is enhanced by his apolitical approach to his subject. He gives China's financial managers credit for what they have done right. He is a scholar unwilling to accept conventional wisdom, or to sweep unpleasant trends under the rug. A lack of alternatives and mild coercion seem to account for the willingness of Chinese workers to continue to put their earnings into banks that are legally insolvent and that are forced to lend money to industries that are also bankrupt. This is what Marxist economics has always become when combined with Leninist politics: theft by another name.

A domestic banking crisis could help undermine the coun-

try's fixed exchange rate policy, praised so lavishly this summer by Mr. Clinton and Treasury Secretary Robert Rubin in advance of Mr. Clinton's ceremonial visit. The no-devaluation policy has in fact become a fig leaf for a pernicious export subsidy scheme that is helping boost the U.S. trade deficit with China. And Beijing has now shelved its efforts to join the World Trade Organization, a major objective of Mr. Clinton's China policy.

Do not hold your breath waiting for Washington to call attention to China's backtracking. It is politically inconvenient for Mr. Clinton's special friendship with Mr. Jiang. When facts collide with ideology and politics in Washington, it is usually facts that get smothered in the crib.

Remember the Communist "reforms" that were to lead to

"convergence" between a decadent West and a disciplined Soviet empire? In the months before it collapsed, East Germany continued to be described as the world's 13th strongest economy, and a force for stability. Only after the Soviet Union collapsed in economic ruins did the CIA and other analysts stop predicting major industrial growth and constantly expanding budgets for Moscow.

This gigantic analytical failure of the past decade should lead Western governments, corporations and citizens to resist unqualified enthusiasm for and confidence in the economic statistics kept by the Leninist government of China. Lying and theft of personal property are in the very nature of the totalitarian politics that Mr. Jiang and his associates still openly proclaim to be theirs.

The Washington Post.

For a Regional Peace Regime in South Asia

By Tanvir Ahmad Khan

WASHINGTON — For someone who worked in a senior position in the Pakistan Foreign Office during the India-Pakistan crises of 1965-1967 and early 1990, there never has been any doubt that the fear of escalation into a nuclear exchange prevented the outbreak of total war.

This is not to devalue the outstanding role that American diplomacy played on both occasions in averting a deadly conflict. The roots of frustration lie elsewhere.

It was hoped, especially after the visit to the region of Robert Gates in 1990, that U.S. policy would concentrate on helping the states of South Asia devise a credible architecture of peace and security. Needless to say, the mechanisms for prevention

and resolution of conflicts would be an essential part of this architecture, and addressing potential flash points such as Kashmir would be urgent.

Instead, the United States focused on forcing Pakistan to roll back its nuclear and missile program, while showing an increasing tolerance of ambitious Indian plans to enter the league of nuclear weapon powers.

The steady attenuation of Pakistan's conventional defensive capability by unilateral sanctions only stiffened Pakistani resolve to anchor its safety in nuclear deterrence.

It was no surprise to us in South Asia that this policy ended in the nuclear firestorms of last May. The sequence of

events that began with the serial production and deployment of India's nuclear-capable Prithvi missile near Pakistan's border climaxed in multiple nuclear tests, first by India and then by a reactive Pakistan.

Pakistan has no romantic illusions about nuclear weapons, whereas India regards them as the currency of power and of election to the status of a world power. This defining difference continues to shape the deliberations that have followed the nuclear tests.

Pakistan seeks a regional regime of peace and security and is ready to put its faith in a nonaggression pact with India.

Since both countries have declared a moratorium on nuclear testing and expressed willingness to adhere to the test ban treaty, albeit in considerably different formulations, Pakistan has urged India to join it in working out arrangements for nuclear restraint. The measures proposed by Pakistan can go a long way toward nuclear risk reduction as well as a constructive dialogue on arms limitation and noninstituting deployment of conventional forces.

India rejects a nonaggression pact out of hand, making it impossible for Pakistan to rule out first use of nuclear weapons in a situation of grave asymmetry in conventional force levels. India is embarking upon a military exercise designed to demonstrate that it can overwhelm Pakistan's nuclear deterrent by launching a massive high-speed attack from land, sea and air.

Its message to Pakistan on the question of nuclear and strategic restraint is that it does not regard Pakistan as the right interlocutor; that it has to settle the nuclear issue with Washington and Beijing. India has not moved an inch toward a peaceful negotiated solution of Kashmir.

Stabilization of South Asia on the basis of India's preponderant power was ever a feasible goal. What the region needs is a reasonably transparent order that takes into account command, control and communication issues, the role of higher technology in eliminating conflict by mischance and miscalculation, and agreement on ceilings on stockpiles of warheads, missiles and fissile materials.

Fears of an arms race between Indian and Pakistan are greatly exaggerated, as Pakistan would not be drawn into its minimalist approach to nuclear arsenals and delivery systems is based on military needs and economic restraints. India would justify much larger acquisitions by invoking the non-existent threat from China and by citing technological imperatives of a state seeking a global nuclear status.

The basic task is to establish a durable equilibrium between India and Pakistan based on parity, rather than parity, and that New Delhi does not throw out the window the moment someone mentions China.

The writer, a former senior official at Pakistan's Foreign Ministry, contributed this comment to The Washington Post.

Ford, General Motors and Hitler

By Frank Rich

NEW YORK — The Swiss banks' stone wall has collapsed. The German industrial giants which exploited slave labor during the war, from Volkswagen to Krupp, are in the crosshairs of class action suits from Holocaust survivors. In Washington this week, 44 nations are represented in a marathon conference co-hosted by the State Department and the Holocaust Memorial Museum to speed the further restitution of Nazi loot, from gold to art.

One piece of the story has received far less scrutiny than the malfeasance of the Germans, the Swiss, the French and others, namely, any collaboration between American corporations and the Nazis.

Just as delegates arrived in Washington, that silence was broken by Michael Dobbs, the Washington Post reporter who last rattled the capital with his revelation of Madeleine Albright's previously unknown Jewish heritage.

Mr. Dobbs raised new questions about Ford and General Motors' longtime contention that they bear no responsibility for the large role that their Nazi-confiscated German subsidiaries played in manufacturing planes and trucks for the Nazi war machine.

Almost as disturbing as the charges themselves is the difficulty the reporter had in getting straightforward information from the companies. Ford at least responded to some of his questions (even as it denied him access to its team of archivists and historians as-

sembling a new public accounting of its wartime past). General Motors' behavior much like the stonewalling Swiss banks. It made no effort to find or produce relevant records, issued a blanket denial of any wrongdoing, and referred Mr. Dobbs (and me) back to its defense against similar charges in a congressional hearing 24 years ago.

When I read a General Motors statement of denial to Bradford Snell, a historian who is completing a book on the auto giant, he laughed and dismissed it as "baloney." He maintains that General Motors' complicity with the Nazis was "pretty deep" — and far more important than that of Switzerland.

In his book he will devote "several hundred pages" to General Motors' wartime history, a story he has assembled over 20 years through interviews with former employees and Albert Speer as well as from documents in German, British, Polish and U.S. archives. General Motors has given him "zero" information to help set the record straight.

That General Motors feels it can dodge a historical reckoning is not only arrogant but perhaps reflective of a general American resistance to airing dirty laundry of the Holocaust era. The Anti-Defamation League's Abraham Foxman points out that most Americans are still unaware of the 1992 exposé, by Linda Hunt, of Operation Paperclip, a post-

war U.S. intelligence operation that gave thousands of Nazi scientists and family members safe harbor in America by expunging war crimes from their records.

In his new biography of Charles Lindbergh, that otherwise excellent writer A. Scott Berg at times toys with sanitizing the all-American hero's anti-Semitism by tossing in everyone-did-it disclaimers. ("The Lindberghs were hardly alone in being swayed by Hitler's magnetism.")

Henry Ford, like Lindbergh, received a medal from the Nazis. Ron Rosenbaum is right in his recent book "Explaining Hitler" when he observes that "it's remarkable how easily — or conveniently — Ford's contribution to Hitler's success has been lost to memory in America."

After reading Mr. Dobbs' article, Mr. Foxman observed: "Just as Switzerland finally realized that the time had come to present the facts, regardless of how ugly they were, the time has also come for GM and Ford to make available all their records."

He noted that while the current leaders of these companies are not culpable for the "omissions and commissions" of their predecessors, we still "need to establish the whole truth, no matter how unsavory and painful it may be."

We need to, but will we? It may be easier for Americans to direct moral outrage at the bankers of Zurich than at a corporation as American as a Buick, as close by as Detroit.

The New York Times.

Herald Tribune

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OPINION/LETTERS

To Prevent Rights Abuses,
Punish the Perpetrators

By Carroll Bogert

NEW YORK — If Britain allows Augusto Pinochet to be extradited to Spain to stand trial for atrocities committed under his 17-year rule, despots elsewhere will take note: If General Pinochet cannot escape the long arm of international law, they might not either.

That would be quite a birthday present to mark the 50 years since the Universal Declaration of Human Rights was adopted on Dec. 10. The world would be likely to see more arrests and, we hope, some actual prosecutions for serious human rights abuses.

Crimes such as genocide and systematic torture have long been matters of "universal jurisdiction," meaning that any state has the power to prosecute them, at least theoretically. But now, some countries are actually willing to do so.

Will this justice be truly universal? Conservative critics have seized on the Pinochet case as evidence that human rights groups have a liberal bias. If General Pinochet, why not Fidel Castro? If you want to prosecute bad guys on the right, how about bad guys on the left?

Our response is: absolutely. Mr. Castro could be guilty of crimes against humanity in his execution of hundreds, if not thousands, of

to the most severe atrocities, including genocide, terrorism and grave war crimes. Other violations, such as censorship or discrimination, may be reprehensible, but they do not carry a legal obligation for other states to get involved.

So could George Bush be prosecuted in a third country for the deaths of Iraqi civilians in the Gulf War? In 1991, a Human Rights Watch investigation found that the Pentagon should have taken greater care to avoid Iraqi civilian targets.

But the deaths of Iraqi civilians do not necessarily constitute a war crime, as defined clearly by the Geneva conventions.

Nevertheless, fears of this type of prosecution have unfortunately led to a neutral American opposition to the evolving system of international justice, including a treaty establishing a global criminal court — even though that system seeks to uphold the values that the United States has done much to propagate.

President Bill Clinton's administration said Tuesday that it would release some documents on General Pinochet's crimes. But American cooperation on this score has been extremely stingy so far.

Statements have suggested that Chile should be allowed to "wrestle with" justice on its own. But that is absurd: General Pinochet enjoys immunity from prosecution in his home country, and that is highly unlikely to change.

U.S. State Department spokesmen say their "no comments" derive from solemn respect for British law. But Washington's "neutral" stance has been understood as tacit support for the former general in democratic nations that have not hesitated to denounce General Pinochet's crimes.

Some people have suggested that prosecuting General Pinochet would discourage other tyrants from leaving office. Their view is disappointingly short-term.

Looking at it another way: What can we do to prevent human rights abuse before it happens? The most obvious answer must be to ensure that the guilty parties do not get away with it.

Carroll Bogert is the communications director of Human Rights Watch. She contributed this column to The New York Times.



By KIRSCHSTEIN in The New York Post. Call Kirschstein.

A Contemporary Life and Death

By Alice H.G. Phillips

NEW YORK — I was conceived in Silicon Alley in a bold bid to crack the infant market, then assembled in an offshore production facility in Malaysia.

Disney and PepsiCo were leading investors. My genetically engineered superstructure, a human knockoff,

MEANWHILE

housed a mail-order IBM-compatible work station, a miniaturized Mercedes-Benz diesel engine and an integrated personal entertainment and waste disposal system. Focus groups failed to distinguish me from a real toddler.

I fed a steady diet of petroleum products, easy credit and nonfat pizza. I expanded like an '80s start-up. When my primary care programmers split off to form their own company, Sony

provided child support. I attended the best educational institutions — Gates Elementary, the pit of the Chicago Mercantile Exchange and the Dershowitz School of Law, with an internship at MTV and a Philip Morris Fellowship year in Asia. From my study of Aquinas, Adidas,

Nietzsche, Nike and Peter Drucker, I learned I had free will. After a fling with an automatic teller, I fell in love with an image from a glossy magazine who was a spin-off of a major motion picture. Her fundamentals were outstanding, but her brand loyalty was always in question.

It turned out she was too big for a telecommunications consortium that outdid me in fiber-optic capability. They suggested a

bringing frozen Danish pastry to developing economies and I put advertising in outer space.

We teleconferenced quarterly with the kids but left it to the home office manager to grow them. He could be counted on to cry "unfair trade practices" when Japan made a cheaper, better copy of Jimmy's science project or China asked Airbus instead of our Suzzie to the prom.

But as the years went by, the continuing financial overexuberance took its toll. I noticed that my greenfields were thinning

I was conceived in Silicon Alley in a bold bid to crack the infant market, then assembled in an offshore production facility in Malaysia.

market share, but I was looking for an exclusive supplier.

Subsequently I merged with her close associate, an agribusiness conglomerate based in Taipei. We established our two cute little joint ventures in TWA's first-class lounge at Chicago's O'Hare airport, between connecting flights, as she pursued her mission to

and my middle managers were getting slack.

The International Monetary Fund no longer took my wife's phone calls. Our daughter refused to launder her money or cover her infrastructure, and our son borrowed the Nigerian oil industry and forgot to return it.

Our currencies began to weaken; a competitor even started a rumor that we were obsolete. The spin doctor prescribed sweeping downsizing, but decades of junk bond bingeing and chronic weapons stockpiling had led in 90 percent blockage of most of our corridors of power and even some of our executive washrooms.

Unionized cells went out on strike, and nonunionized replacements played computer games on the job. Deeply recessed, we had no choice but to short this life; some of our analysts suggested there might be opportunities in the next.

After issuing a disappointing final statement, our corporate entity dissolved. Rivals cannibalized our equipment, our lawyers drained us, and the business press buried us.

The bottom line is, we're dead.

Alice H.G. Phillips is a Manhattan writer. She contributed this column to The New York Times.

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LETTERS TO THE EDITOR

Japan's War Record

In response to "Tempest at Tokyo Summit" (Nov. 27):

The claim by Prime Minister Keizo Obuchi's spokesman, Akihiro Ikeda, that Japan has "never colonized China" is incorrect. Japan formally colonized Taiwan, which Mr. Obuchi regards as Chinese territory, in 1895. It also invaded China in 1931 to create the puppet state of Manchukuo, recognized only by Japan.

On the same day that Mr. Ikeda made his comments, a Tokyo court denied compensation to former prisoners of war whose rights under international treaties were violated by the Japanese Army.

If the Japanese government is still unwilling to acknowledge events that occurred decades ago, it is little wonder it is having trouble acknowledging the major cause of the current economic crisis: a sense of infallibility combined with a lack of transparency.

JOHN MEYER, Taipei.

Gregory Clark suggests that the atrocities committed by the Japanese in China were worse than those committed by the Germans in the Soviet Union because the former were indiscriminate while the latter were selective ("Anti-China Sentiment Tips the Balance in Tokyo," Nov. 30).

All wartime atrocities belong in the same category, and none are defensible.

SEDCIRO MIZUNO, Geneva.

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SEDCIRO MIZUNO, Geneva.

Ethnic Tension in Russia

The report on the rise of ethnic tensions in southern Russia ("Russian Conspiracy-Mongers Round Up the Usual Ethnic Scapegoats," Nov. 16) suggests the need for a concerted international strategy.

Russia's economic crisis will exacerbate intolerance and inter-ethnic tensions, which could spill over into broader conflicts in the region. A case in point are the Meskhetian Turks, cited in the article, who were deported en masse in 1944 and subjected in 1989 to a pogrom in the Fergana Valley in what is now Uzbekistan.

Dispersed in Central Asia, Rus-

sia, Ukraine and Azerbaijan, they aspire to return to their ancestral homeland in Georgia, but only a relative handful have been permitted to return. Many live in places such as Russia's Krasnodar region, where they are often subject to discrimination and abuse by local authorities.

The gravity of the situation is reflected in the outcome of a demonstration in September in Georgia by disgruntled Meskhetian Turks. About 80 Meskhetian Turks from Azerbaijan, Georgia and the Russian Federation staged a protest in front of the State Chancellery in central Tbilisi, calling on Georgian authorities to rehabilitate the deported people and take steps to facilitate their return to their homeland along Georgia's border with Turkey.

The international community has proved itself capable of only modest preventive approaches in the former Soviet Union. A recent meeting in The Hague, organized by the Open Society Institute, the Organization for Security and Cooperation in Europe and the United Nations High Commissioner for Refugees, was designed to produce

a realistic international response to Meskhetian issues. The meeting included representatives from Azerbaijan, Georgia and Russia, as well as Meskhetian Turks.

A framework document was agreed upon, and a conference of donor governments is envisioned next year to secure the resources necessary for an international effort to manage the potential crisis.

ARTHUR C. HELTON, New York.

The writer is director of the Open Society Institute.

A Swiss Tightrope

I have failed to find a single article in your newspaper about the "tightrope walking" that the Swiss were forced to perform between the Allies and the Nazis in order to survive as a country and avoid invasion. Had all the other European countries that succumbed to the Germans been as powerfully armed and had as strong a will to survive, Hitler would never have gotten as far as he did.

DONNA ERISMANN-FOOTE, Schönenwerd, Switzerland.

BOOKS

THE TALE OF THE 1002d NIGHT

By Joseph Roth. Translated by Michael Hoffmann. 265 pages. \$23.95. St. Martin's Press.

Reviewed by Michiko Kakutani

THE last novel of Joseph Roth's to be published in Europe and the latest of his works to be translated into English, "The Tale of the 1002d Night" (1939) is a disturbing little fable that begins as an erotic roleplay reminiscent of "La Ronde," mutates into a Chekhovian fairy tale of missed connections and failed epiphanies and ends as a pessimistic parable about deception and cultural decline, reminiscent of the work of Hawthorne.

Though "The 1002d Night" possesses neither the emotional depth nor the historical resonance of Roth's masterpiece, "The Radetzky March" (1932), it embodies all the themes of his mature fiction, and serves, for readers unfamiliar with his work, as a fitting introduction to his haunting oeuvre.

Born in 1894 to Jewish parents in Galicia, on the eastern frontier of the Austro-Hungarian Empire, Roth served in the Austro-Hungarian Army during World War I before becoming a journalist, based in Vienna and later Berlin. In 1933, with the rise of the Nazis, Roth fled to Paris, where he started drinking heavily and died in 1939.

Though critics have frequently focused on the apparent schism in Roth's work — between the early, liberal-minded novels, which tended to focus on topical social issues, and his later, more conservative fiction, animated by a nostalgia for the vanished world of the Habsburgs — such arguments underplay the enduring current of loss in the author's writing, his lifelong preoccupation with social change and its fallout on individuals. Indeed, Roth's own

sense of exile and rootlessness reverberates throughout his fiction, endowing his feckless, displaced heroes with a veridical sense of their own lives' passing them by.

Certainly this is the case of Baron Taittinger, the aristocratic army officer whose downfall is recounted in "The Tale of the 1002d Night." Quite clearly a symbol of the declining fortunes (and values) of the Austrian empire, Taittinger is a superficial man, clueless about his role in a changing world and carefully indifferent to the plight of others. He is "an enigma of nature," a colleague thinks, a man without qualities, neither exceptionally wicked nor exceptionally stupid — just famously in love with himself.

When the baron tires of the rigors of courting the beautiful Helene, he cavalierly moves on to Helene's look-alike, a silly shop girl named Mizzi, who promptly falls in love with him and bears his son, named Xandl. In the ensuing years, Mizzi will end up going to work in a brothel, while Taittinger continues with his self-absorbed existence, refusing to acknowledge the child, who grows up to become a thoughtful bully.

Taittinger's troubles escalate unexpectedly one spring day when the Shah of Persia arrives in Vienna for a visit. The Shah, in search of romantic solace for his restless heart, spots the beautiful Helene, now married to a count, and demands that she be brought to him for the night. The baron suggests that the pious courtesan, torn between "the laws of decency" and "the laws of hospitality," find a double for Helene, a double who turns out, of course, to be Mizzi.

As a token of his affection, the Shah sends Mizzi a lavish set of pearls, and those pearls swiftly set into motion a series of events that will change the lives of nearly everyone involved.

As for the baron, he will realize, too late, that he has led an unexamined life and that the "little insouciance of his younger days" has caught up with him, leading to the loss of his career, his estate and his fortune.

In many respects, the story of the baron's fall reads like a fairy tale: The narrative is framed by two appearances by the mysterious Shah of Persia, and its simple, almost bouncy language, so deftly translated by Michael Hoffmann, lends it an uncanny air of the far away and long ago.

Like most of Roth's novels, however, "The Tale of the 1002d Night" is also a potent allegory about his native land, seamlessly moving back and forth between the sweeping vistas of history and his characters' small, personal dilemmas, fleetingly delineating the shattering consequences that public events can have on private lives.

Along the way, "The 1002d Night" leaves the reader with some indelible glimpses of Vienna on the eve of Hitler's Anschluss: its showman streets and cafés and parks, its mood of weary decadence, its atmosphere of cultivated ennui. Nearly every one of this novel's main characters suffers from disenchantment or disillusion.

As Hoffmann points out in his introduction, there is a "horror of social change" in "The Tale of the 1002d Night," a nostalgia for the receding past. At the same time, there are ominous portents in this novel, written in 1936-37, of the horror yet to come. In fact, the mocking refrain heard through out the book ("the world was plumply, contentedly, frivolously at peace," "the world was deeply, horribly deeply at peace") assumes an awful irony, as it becomes clear that "a new and still more terrible era was beginning" — the era of Hitler, the era that Roth, in exile, would not live to see run its course.

New York Times Service

BRIDGE

By Alan Truscott

THE oldest world championship competition is the Bermuda Bowl, which dates to 1950. A fascinating account of some of the history is provided in a memoir by one of the best American players, John Swanson. It is called "Inside the Bermuda Bowl."

The author includes revelations about the dark side of the game, cheating allegations against leading players, and demonstrates that bridge organizers were timid about taking strong action. Such problems have been greatly diminished since 1975 with the introduction of screens, which prevent players from seeing their partners. Ironically, a major scandal erupted

the first time the screens were used. The organizers had rejected a suggestion to place a

diagonal block under the table, and two Italians were observed to be foot-tapping.

Swanson played the diamond deal with flair in the 1970 contest to select the United States team. He and his partner bid optimistically to six spades, and he faced a heart lead. He won in his hand, cashed the king and ace of spades, and played top hearts.

He was surprised to see his right-hand opponent ruff and lead the club ace. He won the club ace, ruffed a club, and thought matters over. The position is shown at right.

The routine play was to finesse the diamond jack, but Swanson knew a lot about West's hand. It still contained three hearts and, in view of the double of five clubs, the club king. That left at most two

diamonds. He therefore cashed the diamond king hoping that an honor would appear. When it did not, he had to play West for either the queen or the 10. He guessed right by leading the jack from dummy, pinning the 10 and making a slam which, not surprisingly, was not reached in the replay.

WEST EAST
♠ A 10 6 4 3
♥ K 4
♦ K 7 5 2
♣ A

WEST EAST
♠ J 8
♥ 9 8 5
♦ 9 8 4
♣ A 7 10 4 2

WEST EAST
♠ K 7 2
♥ A Q 10
♦ A 8 5 3
♣ A 8 5 3

Both sides were vulnerable. The bidding: East Pass, South Pass, North Pass, 1NT, Pass, Pass, 2♠, Pass, 3♠, Pass, 4♠, Pass, 5♠, Pass, 6♠, Pass, 7♠, Pass, 8♠, Pass, 9♠, Pass, 10♠, Pass, 11♠, Pass, 12♠, Pass, 13♠, Pass, 14♠, Pass, 15♠, Pass, 16♠, Pass, 17♠, Pass, 18♠, Pass, 19♠, Pass, 20♠, Pass, 21♠, Pass, 22♠, Pass, 23♠, Pass, 24♠, Pass, 25♠, Pass, 26♠, Pass, 27♠, Pass, 28♠, Pass, 29♠, Pass, 30♠, Pass, 31♠, Pass, 32♠, Pass, 33♠, Pass, 34♠, Pass, 35♠, Pass, 36♠, Pass, 37♠, Pass, 38♠, Pass, 39♠, Pass, 40♠, Pass, 41♠, Pass, 42♠, Pass, 43♠, Pass, 44♠, Pass, 45♠, Pass, 46♠, Pass, 47♠, Pass, 48♠, Pass, 49♠, Pass, 50♠, Pass, 51♠, Pass, 52♠, Pass, 53♠, Pass, 54♠, Pass, 55♠, Pass, 56♠, Pass, 57♠, Pass, 58♠, Pass, 59♠, Pass, 60♠, Pass, 61♠, Pass, 62♠, Pass, 63♠, Pass, 64♠, Pass, 65♠, Pass, 66♠, Pass, 67♠, Pass, 68♠, Pass, 69♠, Pass, 70♠, Pass, 71♠, Pass, 72♠, Pass, 73♠, Pass, 74♠, Pass, 75♠, Pass, 76♠, Pass, 77♠, Pass, 78♠, Pass, 79♠, Pass, 80♠, Pass, 81♠, Pass, 82♠, Pass, 83♠, Pass, 84♠, Pass, 85♠, Pass, 86♠, Pass, 87♠, 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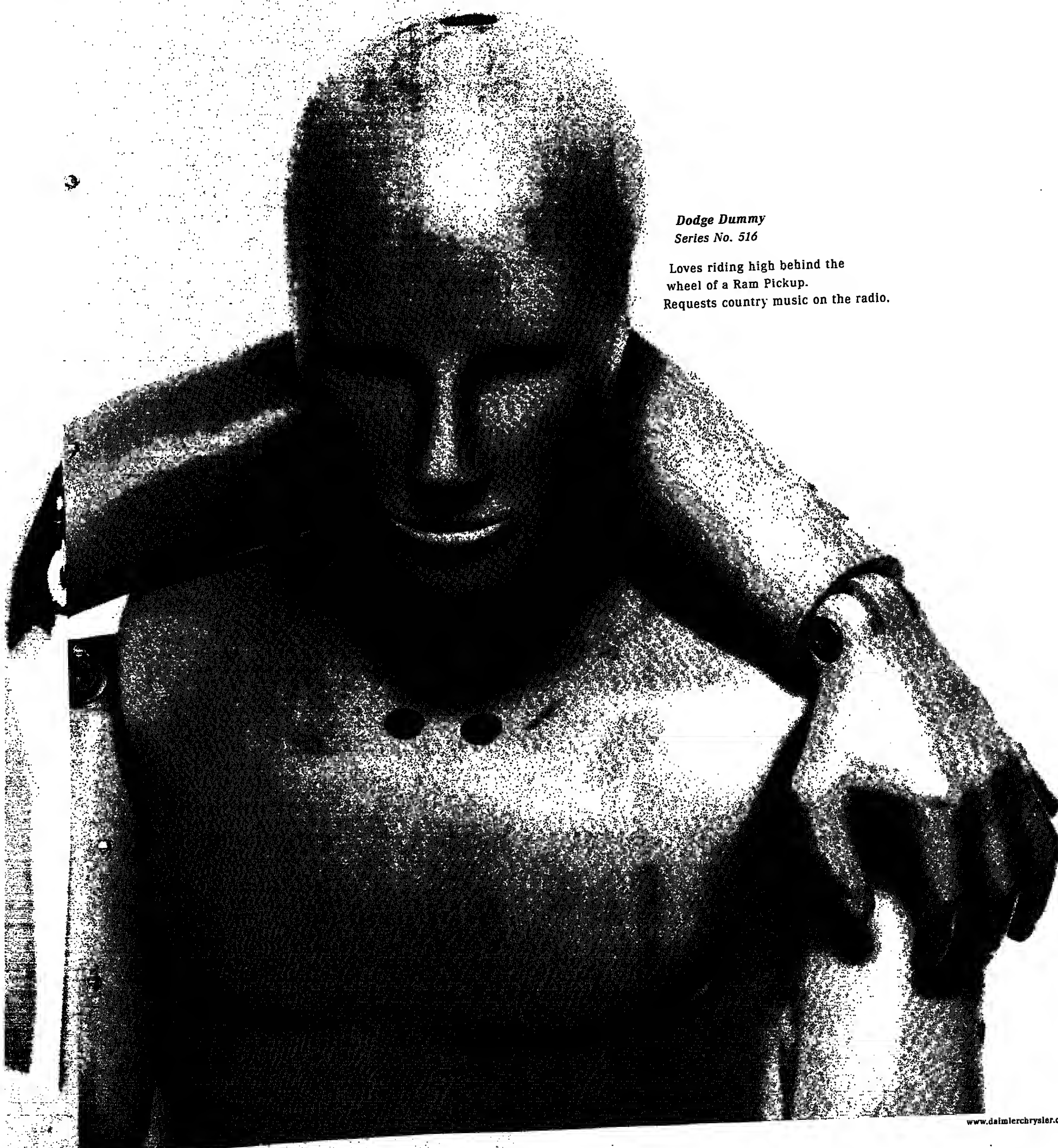
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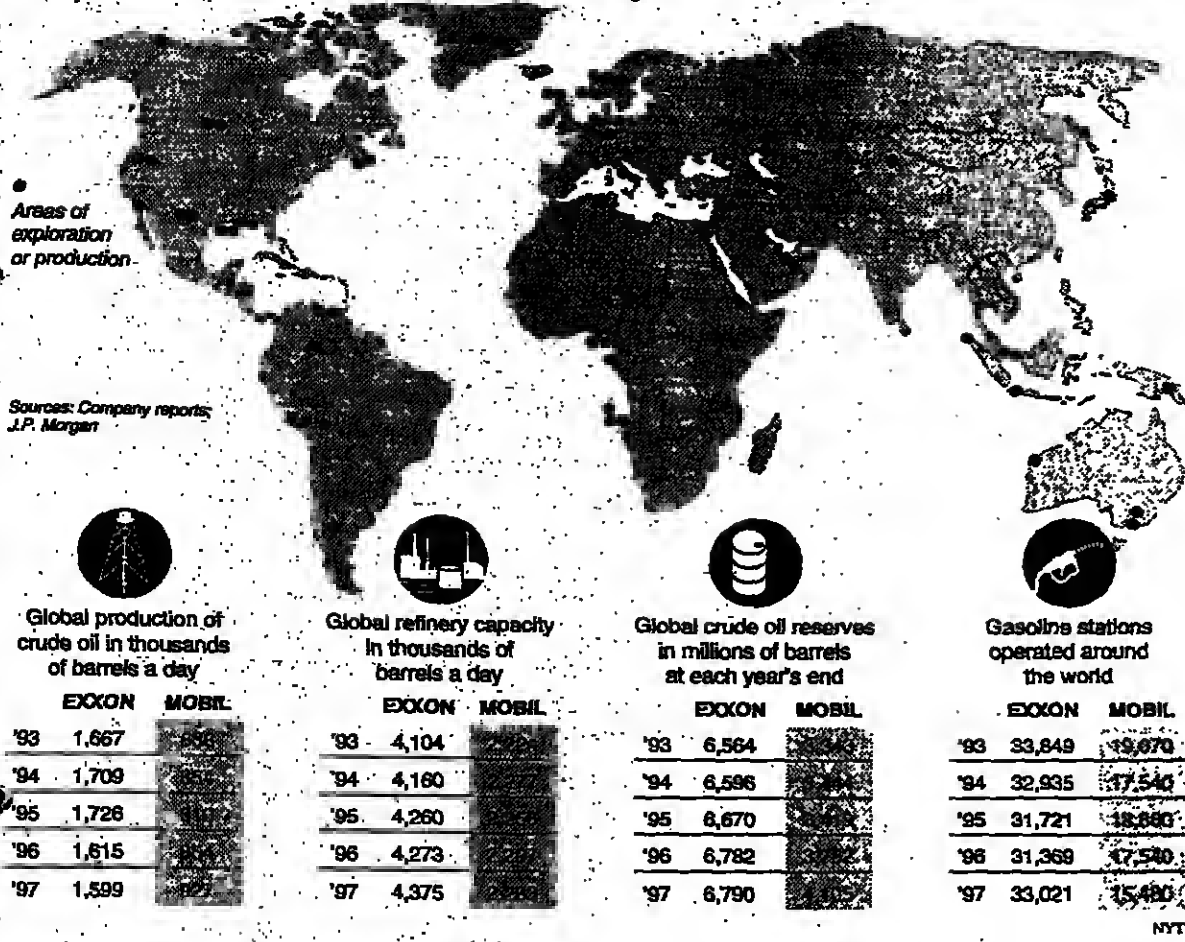
CURRENCY

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The New Global Giant

Exxon Mobil would be the world's largest company, with extensive operations in every continent but Antarctica. Below, some facts about the two companies that plan to merge.



Oil Giant Faces High Antitrust Hurdles

Exxon-Mobil Deal to Face Scrutiny at Home, in Europe and in Asia

By Stephen Labaton
New York Times Service

WASHINGTON — Now comes the hard part for Exxon Corp. and Mobil Corp.

The two companies, involved in two of the largest antitrust challenges in American history — first at the beginning of the century with the breakup of the empire of John D. Rockefeller and then 50 years later in the notorious Oil Cartel cases — will once again have to confront antitrust regulators.

While the history of American antitrust law is largely the history of the oil industry, this time the legal examination promises to be particularly thorough, as authorities from a host of U.S. states will join officials in Europe, Japan and Washington to scrutinize every aspect of the proposed combination, from neighborhood gasoline stations and regional refineries to pipelines, tankers, natural gas and oil fields.

"It will undoubtedly be a large, broad and extensive investigation," said Donald Kaplan, a Washington lawyer who led the Justice Department's global antitrust examination of the oil industry in the 1970s and 1980s. "There will literally be hundreds of different antitrust markets they will have to look at. There are not only many products but also a broad geography to cover. This will be difficult and

expensive, and it will produce a lot of paper."

Moreover, with a wave of large and small mergers both pending and completed in recent months, regulators will be under political pressure to make sure that the marketplace does not begin to lose its competitive edge. Already, the Federal Trade Commission and the European Union are studying the proposed \$48.2 billion combination of British Petroleum Co. and Amoco Corp., and Tuesday another big deal was announced when Total SA of France said it would buy Petrofina SA of Belgium in a stock deal valued at \$13 billion.

Still, analysts said the issues were not insurmountable, that the industry had changed in countless ways since it was controlled by Mr. Rockefeller's Standard Oil and that Exxon and Mobil could complete the deal if they were willing to give up some important assets.

At a news conference detailing the transaction Tuesday, Lee Raymond, the chairman of Exxon who would lead the combined company, said he would be "absolutely amazed, although pleasantly surprised" if the trade commission did not order the sale of some assets.

Soon afterward, lawyers for the companies met with lawyers from the U.S. agency to begin the inquiry. The

See ANTITRUST, Page 17

Europe's (Defensive) Urge to Merge

By Edmund L. Andrews
New York Times Service

STRASBOURG — The idea behind any merger is that it is better. But the wave of giant mergers in Europe this week reflects something else as well: weakness.

Some of Europe's mightiest enterprises face serious competitive weaknesses. The biggest banks in Germany have lost ground in their own market to Wall Street investment banks, while intense competition has squeezed profits out of commercial lending.

Rock-bottom oil prices have sent the world's biggest petrochemical companies flying into each other's arms. And in the pharmaceutical industry, plans announced Tuesday by Hoechst AG and Rhone-Poulenc SA to merge their drug and agricultural chemical businesses mark a union between two companies with an abundance of problems.

"It's clear that neither Rhone-Poulenc nor Hoechst compares well yet in terms of operating profits," said Jean-Rene Fourtoun, chairman of Rhone-Poulenc, just before the companies announced creation of a new company with \$20 billion in po-

tential sales. And when asked why neither company had sought a stronger American partner, company executives suggested that they did not have much choice.

"Which American companies?" asked Jürgen Dormann, chairman of Hoechst, based in Frankfurt. "Merck? Monsanto? Would they have been interested?"

But industry argues that broader pressures are behind Europe's urge to merge. Inflation has sunk so low that few companies have room to raise prices and some are being forced to slash them. That has made it harder to deliver the kinds of growth in nominal profits that entice shareholders. Introduction of the euro as a single currency for 11 countries in January adds to the competition and price pressures.

"These are companies basically on the defensive," said Bryan Allworth, a European equity strategist at Merrill Lynch. "They have no pricing power. They are seeing challenges to their market shares or their business lines. They know they have to do something."

But in their race to do something, corporate executives are running into a growing wall of skepticism from in-

vestors. The stock of Rhone-Poulenc dropped 6 percent in early trading Tuesday, the day the merger was announced, and fell another 7.30 francs Wednesday to 256.10 (\$44.98).

Deutsche Bank's stock has declined amid a torrent of criticism from analysts about its \$10.1 billion takeover of Bankers Trust, which was announced Monday, dropping to 95.55 Deutsche marks (\$56.72) from 100.10 DM on Wednesday.

And when news surfaced Tuesday that Total SA, the French oil company, was about to take over Petrofina SA of Belgium, its stock plunged nearly 10 percent in early trading. On Wednesday it dropped from 618 francs to 590.

Europe has never seen so many billion-dollar mergers in one year, and nowhere near so many big deals announced in just one week. VIAC AG, the industrial conglomerate based in Munich, reached an agreement on Nov. 27 to merge with the Swiss packaging company Alnussuisse Lanza Group, known as Alnussuisse.

Executives in both the oil and the chemical industries predict more big deals in the months ahead, as both industries struggle with slumping demand and falling prices.

Boeing's Woes Drag Down Shares

U.S. Markets Fall as Investors See Asian Crisis as Threat to Earnings

By Mitchell Martin
International Herald Tribune

NEW YORK — The Dow Jones industrial average fell Wednesday as concerns about corporate earnings eroded gains from the recent rally to a record. At the close, the Dow, which was off nearly 200 points early in the day, was down 69.00 at 9,064.54.

Profit warnings from Boeing and Sears, Roebuck sparked the selling. The Boeing announcement, which came after the market closed Tuesday, was the more worrisome because the aircraft maker cited weakness in Asian demand for its planes, indicating that the deflationary effects of the economic crisis that began in the summer of 1997 had not yet run their course.

Sears, by contrast, cited sluggish clothing sales, which seemed to reflect the company's problems with competitors rather than widespread economic weakness. U.S. consumer spending has been surprisingly strong in recent months, but Sears may be losing ground to other retailers. Its shares fell 9 1/16 to 43.

Jean-Marie Evellard, president of Sogen International Fund, offered two interpretations for the slide in stocks.

After the summer swoon that took the Dow to a closing low of 7,539.07 on Aug. 31, the recent recovery to a 9,374.27 record on Nov. 23 may have been a case of a recovery that was "so quick and so much that it was due for a correction."

The alternative, he said, was that investors are beginning to worry that earnings might be expected to slow.

Current valuations do not appear to take into account the likelihood that corporate profits will be disappointing, even short of a recession, he said.

At the end of last week, the prices of the stocks that make up the Standard & Poor's 500 index were more than 30 times the expected per-share earnings of the companies in that index. That is more than twice the average ratio experienced in the 1970s and 1980s and well above the level of about 20 that has been common in this decade.

Another potentially disturbing sign

See MARKETS, Page 14

Brokers Place Restrictions On Volatile Internet Stocks

Continued From Page 12

NEW YORK — Brokerages are making it more difficult for individuals to use borrowed money to invest in volatile Internet stocks, a reaction to huge price swings in shares of tiny companies that are nowhere near making a profit. Some brokers also are placing limits on orders they will take for the stocks.

The moves come amid a trading frenzy that has seen market darlings such as America Online Inc. and Yahoo! Inc. double since early October.

WALL STREET WATCH

While the market's sharp downturn this week sent many of those highfliers plunging more than 30 percent, many investors continue to search for Internet gold.

The volatility in such stocks prompted one brokerage, Salomon Smith Barney Inc., to impose new restrictions on shares of 18 companies, a source who spoke on condition of anonymity said Tuesday.

DLJ Direct, an Internet brokerage run by Donaldson, Lufkin & Jenrette Inc., also slapped new curbs on so-called margin investing, which allows investors to buy stock by paying only a percentage up front.

Waterhouse Securities Inc., the No. 3 on-line brokerage, raised margin requirements on 20 Internet stocks — including Amazon.com Inc., Yahoo! and on-line auctioneer eBay Inc. — within the past two weeks.

"The numbers are unprecedented for us," said John Chapel, president of the brokerage, a unit of Toronto-Dominion Bank founded in 1979.

"There's so much interest and so much money was flowing into it that I decided to do this so people may be a bit more conservative."

At least four other on-line brokers — Ameritrade Holding Corp., DLJ Direct, E*Trade Group Inc. and SureTrade Inc. — have also raised margin requirements on some Internet stocks, executives at the companies said.

If a stock purchased on margin falls sharply, the brokerage can request more cash as collateral. If an investor cannot meet that "margin call," the brokerage can sell a client's stock to prevent a loss on the money lent.

If a stock falls too quickly, as often happens with hot stocks that lose their momentum, the stock may have to be sold at a significant loss for the client or even the brokerage.

"When it goes down, things can get nasty, and that's why," said Barry Hyman, senior equity analyst at Ehrenkrantz King Nussbaum.

While it is common for Wall Street firms to limit risk by changing margin restrictions, he added, "that usually happens in individual stocks, not in an individual sector."

Charles Schwab Corp., the largest U.S. on-line broker, said the company had not increased its 35 percent margin requirement, but it has imposed, for the first time, restrictions on on-line trading of seven Internet stocks.

Tom Taggart, a spokesman for Schwab, said the restrictions were to prevent "multiple duplication of orders" by investors who were rapidly placing orders on the Internet and then canceling them to try to get the best price. This can lead to investors forgetting about orders, he said.

"With some of these very volatile stocks, we could do it again," Mr. Taggart said. (AP, Bloomberg)

IMF to Russia: Kind Words, No Cash Yet

By Daniel Williams
Washington Post Service

MOSCOW — A desperate Russia and a reluctant International Monetary Fund remained deadlocked Wednesday over Moscow's request for multibillion-dollar loans, although subtle signs emerged that the two sides were seeking a compromise.

Michel Camdessus, managing director of the IMF, wound up a two-day visit by saying that Fund officials would return to Moscow in January to hear details of Russia's spending, tax and currency-printing plans in the new year.

Analysts regarded his soothing words as an indication that the IMF was not prepared to abandon Russia, despite wide disagreements over the course of the country's deeply troubled economy.

"We have many things to do together, and there are many domains on which we can promptly agree," Mr. Camdessus said.

Prime Minister Yevgeny Primakov avoided repeating recent criticism of the leading institution and praised Mr. Camdessus as a "knowing man." Just the other day, Mr. Primakov said he was tired of IMF "kids" telling Russia what to do.

Mr. Primakov, who joked that Mr. Camdessus had come "with an attaché case containing documents, not cash," said it would be "primovoe" to imagine he would "decide today to release" money to Moscow. Mr. Primakov's leading economic adviser also seemed to be making a concession to the IMF when he said the government had to focus on improved tax collection.

Deputy Prime Minister Yuri Maslyukov told Russia's upper house of Parliament that the tax burden would be shifted from producers to individuals — a plan first put forward by the previous Russian government.

The IMF has pressed Russia to increase tax revenue as a way of meeting its budget requirements and to not rely on high-interest borrowing or excessive printing of rubles to cover deficits. IMF officials have visited Russia periodically since August, when Mr. Primakov's predecessor, Sergei Kiriyenko, sharply devalued the ruble and declared a moratorium on debt payments. Since then, the economy has limped along with rising unemployment, falling production, reduced buying power among large parts of the population and fears of winter food shortages.

An IMF loan would make it possible for Russia to reduce payments on foreign debts and focus resources on pressing domestic needs. But despite Wednesday's attempts at harmony, loans to Russia are in limbo. The IMF suspended payments on a \$22.6 billion loan package in August. A \$4.3 billion installment is pending. The money is intended to help make it possible to

meet a heavy 1999 debt-payment schedule, including about \$4.5 billion in payments to the IMF.

Moreover, without an IMF blessing of Russia's economic program, other international lenders will not restructure Soviet-era and other debt into easier payments.

Overall, Russia is supposed to make \$17 billion in payments next year. The government has said it can make payments of no more than about \$10 billion.

The IMF, however, is inhibited by the inability of the three-month-old Primakov government to lay out a coherent economic plan. The Fund bears the burden of having awarded earlier loans to Russia on the basis of promises of economic reform that were never implemented — including pledges of more efficient tax collection.

"The IMF is in a difficult situation," said Eric Krause, who heads the fixed-income desk at the Moscow office of the Dresdner Kleinwort Benson investment firm. "It can not countenance a nonprogram, which is what Primakov has produced."

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EUROPE

Rover Chairman Quits Over Lack of Profits

'Somebody Must Stand Up and Be Counted'

By Alan Cowell
New York Times Service

LONDON — The chairman of Rover Group, a subsidiary of Germany's BMW AG, resigned Wednesday, saying "somebody has to be prepared to stand up and be counted" for the company's failure to turn a profit.

The resignation of Walter Haselkuss, the BMW-appointed Rover chairman, emerged as the British automaker disclosed proposals for a package of job cuts, innovative working hours, government aid and new investment to wrench the company into thus far elusive profitability.

With Britain locked in dispute with its European Union partners,

particularly Germany and France, over proposals to "harmonize" some European taxes, BMW's rescue remedy, based on the flexible work hours system used at BMW plants in Germany, offered a vivid example of private business setting the pace in establishing European-wide practices.

"If the British auto industry can't go along with this, it's a very bad sign about the industry going forward," said Nick Snee, an analyst with J.P. Morgan.

BMW bought Rover from British Aerospace in 1994 but has been frustrated by the British company's inability to make a profit.

Mr. Haselkuss, who has been with BMW for 22 years, had taken a high profile in recent months, blaming the strong British pound for undermining Rover's exports. "The British car market is profitable but part of that is because the pound is very strong," said Mr. Snee. "Cars made in France and sold in Britain make a profit, but Rover is losing money. Part of Rover's problem has been that the pound has been so strong that imports are cheaper."

Mr. Haselkuss acknowledged Wednesday that he had underestimated the competitiveness of the British market. "When I look around, I look to myself," he said. "I feel quite strongly that somebody has to be prepared to stand up and be counted. This was a very difficult and painful process for me."

He is to be replaced by Werner Samann, a BMW veteran and head of the BMW Engine and Chassis division for the past six years. Earlier, BMW and unions confirmed details of a deal that will see at least 2,500 jobs cut from the work force of 39,000, and more flexible working practices introduced.

BMW also offered to invest a further \$3.2 billion in the company provided the British government sinks financial aid, reportedly worth some \$400 million, in the development of new model ranges. There was no immediate guarantee of aid from British ministers, who largely welcomed the plan. A key part of the deal is that it will secure the continued use of Rover's biggest plant, at Longbridge near Birmingham.



Jean-Cyril Spinetta, the chairman of Air France, says the state-owned airline is now ready for the public sale of shares.

Summer Pilots' Strike Hits Air France Profit

Compiled by Our Staff From Dispatches

PARIS — Air France said Wednesday that a strike by pilots during the peak summer travel season helped drive its first-half profit down 23 percent.

The state-owned carrier earned 1.34 billion French francs (\$237.6 million) in the six months to Sept. 30, down from 1.75 billion francs a year ago. Sales rose to 29.91 billion francs from 29.77 billion francs.

The results came as the government prepares Air France for a partial privatization next year. The state will offer a 20 percent stake and float shares to pilots to return for a salary freeze.

A 10-day pilots' strike in June led to a loss of more than 1.5 billion francs in revenue, Air France said, estimating the overall cost of the disruption at 1.3 billion francs. The strike ended after the company decided to ditch a divisive two-tier pay scale and offer the pilots shares. Analysts said the deal should help earnings over the longer term and ensure the success of a share sale next year.

"Costs are under control, and the dispute with pilots is settled," said Chris Partridge, associate director of aerospace finance at Deutsche Bank in London.

The airline needs to show that earnings are likely to rise to persuade investors to buy its stock rather than that of other state-owned airlines to be sold in 1999.

"When I was chosen to do this job, the government asked me to get the company ready for partial sale to the public," said the Air France chairman, Jean-Cyril Spinetta, who was appointed CEO in September 1997. "Now we are ready for the sale."

Air France also said Wednesday it would choose next year between its two U.S. partners, Delta Air Lines Inc. and Continental Airlines Inc., to form a "global air transport alliance."

(Reuters, Bloomberg, AFP)

Deutsche Buying Unit Of Lloyds

FRANKFURT — Deutsche Bank AG confirmed Wednesday that its expansion drive was carrying it into Belgium, announcing that it would acquire the Belgian unit of Credit Lyonnais SA for about 1 billion Deutsche marks (\$594 million).

Deutsche said it would merge its Belgian business with that of Credit Lyonnais Belgium, which has 38 branches, 950 employees, 186,000 customers and assets of 465 billion Belgian francs (\$13.40 billion). Credit Lyonnais Belgium's branches will be renamed Deutsche Bank.

The deal, expected to be completed in the first quarter of next year, is Deutsche's second big acquisition announced this week. It said Monday it was buying Bankers Trust Corp. of the United States for \$10.1 billion.

The takeover of the Credit Lyonnais unit shows that Deutsche remains determined to grow in continental Europe, which will be its enlarged home market after the introduction of the single currency, the euro, Jan. 1. The Belgian unit is one of several subsidiaries that state-controlled Credit Lyonnais was obliged to sell in return for European Union approval of aid from the French government.

Safmarine to Get Bid From Bolloré

JOHANNESBURG — Bolloré Technologies SA of France said Wednesday that it would bid for Safmarine, the biggest shipping company in South Africa, to strengthen its operations in Africa.

The bidding for Safmarine, which handles about 25 percent of world-wide shipping of refrigerated goods, closed Wednesday. Analysts estimate the company's worth at 1.8 billion rand to 2.4 billion rand (\$317.9 million to \$423.8 million), though the size of Bolloré's bid was not revealed. The shipper's parent, Safmarine & Rénies Holdings Ltd., is selling its businesses and distributing the proceeds to shareholders.

Investor's Europe

Frankfurt DAX	London FTSE 100	Paris CAC 40
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3250	2950	2250
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3050	2750	2050
3000	2700	2000
2950	2650	1950
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2700	2400	1700
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2600	2300	1600
2550	2250	1550
2500	2200	1500
2450	2150	1450
2400	2100	1400
2350	2050	1350
2300	2000	1300
2250	1950	1250
2200	1900	1200
2150	1850	1150
2100	1800	1100
2050	1750	1050
2000	1700	1000
1950	1650	950
1900	1600	900
1850	1550	850
1800	1500	800
1750	1450	750
1700	1400	700
1650	1350	650
1600	1300	600
1550	1250	550
1500	1200	500
1450	1150	450
1400	1100	400
1350	1050	350
1300	1000	300
1250	950	250
1200	900	200
1150	850	150
1100	800	100
1050	750	50
1000	700	0

Source: Reuters

Very briefly:

- Greece named George Simeonidis the chief executive of Hellenic Telecommunications Organization SA, succeeding George Chrysosouris, who resigned after just 10 months at the top of Greece's largest telephone company.
- Societe Generale SA would like a "serious industrial alliance" with Credit Lyonnais SA, which the French government is selling next year, the chief executive of Societe Generale, Daniel Bouton, told the French business weekly L'Expansion.
- ING Groep NV, a Dutch financial-services company, does not intend to abandon its corporate and investment-banking divisions despite reporting a loss of 330 million guilders (\$174.5 million) in the company's banking business.
- Shell UK, part of the British-Dutch oil giant Royal Dutch/Shell Group, plans to open its first Select convenience store in Britain that is not attached to a gasoline station, Friday in central London. The company, which has stand-alone stores in Portugal and Scandinavia, said nonfuel purchases represented as much as 60 percent of sales at some Shell stations.
- News Communications & Media PLC, a British regional newspaper publisher with 125 titles, plans to cut as many as 160 jobs as it closes its production plant in Dursley, Gloucestershire, next year.
- Ete Group SA, a Belgian building-materials maker, offered to buy Marley PLC of Britain for £364.8 million (\$602.9 million); the bid was 29 percent higher than one made last week by John Mansfield PLC.
- Vimpele-Communications AO reported a \$44 million loss for the third quarter, citing huge write-downs in its investments and negative exchange rates. The Russian cellular-telephone operator also plans to sell 25 percent of its voting stock to Telcelor AS of Norway.

Bloomberg, Reuters

WORLD STOCK MARKETS

Wednesday, Dec. 2
Daily prices in local currencies.

High Low Close Prev.

Amsterdam AEX index: 1027.88

Frankfurt DAX index: 4681.69

London FTSE 100 index: 4800.00

Paris CAC 40 index: 3800.00

Stockholm OMX index: 1500.00

Copenhagen NASDAQ index: 1000.00

Buenos Aires Merval index: 1000.00

Sao Paulo Ibovespa index: 1000.00

Manila PSE index: 1000.00

Hong Kong Hang Seng index: 1000.00

Beijing Shanghai index: 1000.00

Taipei TSE index: 1000.00

Seoul KOSPI index: 1000.00

Osaka TOPIX index: 1000.00

Tokyo Nikkei index: 1000.00

Yokohama Nikkei index: 1000.00

Nagoya Nikkei index: 1000.00

Kyoto Nikkei index: 1000.00

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High Low Close Prev.

London FTSE 100 index: 4800.00

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Kyoto Nikkei index: 1000.00

Fukuoka Nikkei index: 1000.00

NASDAQ

Wednesday's 4 P.M.

Wednesday's 4 P.M.
- The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

17 Month	14-16	10-12	Stock	Tr	Yld	PE	St 100%	High	Low	Latest	Change
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Year	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	

[illegible][illegible]

DATE	TIME	LOCATION	WIND	TEMP	REL. HUM.	SEA	REMARKS
1944	0000	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0100	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0200	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0300	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0400	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0500	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0600	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0700	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0800	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	0900	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1000	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1100	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1200	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1300	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1400	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1500	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1600	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1700	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1800	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	1900	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	2000	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	2100	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	2200	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	2300	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.
1944	2400	10°N 175°E	0000	25.0	85	1	Light rain, 0.1 inch.

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7/24	7/25	7/26	7/27	7/28	7/29	7/30	7/31	8/1	8/2	8/3	8/4	8/5	8/6	8/7	8/8	8/9	8/10	8/11	8/12	8/13	8/14	8/15	8/16	8/17	8/18	8/19	8/20	8/21	8/22	8/23	8/24	8/25	8/26	8/27	8/28	8/29	8/30	8/31	9/1	9/2	9/3	9/4	9/5	9/6	9/7	9/8	9/9	9/10	9/11	9/12	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22	9/23	9/24	9/25	9/26	9/27	9/28	9/29	9/30	10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	11/1	11/2	11/3	11/4	11/5	11/6	11/7	11/8	11/9	11/10	11/11	11/12	11/13	11/14	11/15	11/16	11/17	11/18	11/19	11/20	11/21	11/22	11/23	11/24	11/25	11/26	11/27	11/28	11/29	11/30	12/1	12/2	12/3	12/4	12/5	12/6	12/7	12/8	12/9	12/10	12/11	12/12	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	12/27	12/28	12/29	12/30	12/31
7/24	7/25	7/26	7/27	7/28	7/29	7/30	7/31	8/1	8/2	8/3	8/4	8/5	8/6	8/7	8/8	8/9	8/10	8/11	8/12	8/13	8/14	8/15	8/16	8/17	8/18	8/19	8/20	8/21	8/22	8/23	8/24	8/25	8/26	8/27	8/28	8/29	8/30	8/31	9/1	9/2	9/3	9/4	9/5	9/6	9/7	9/8	9/9	9/10	9/11	9/12	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22	9/23	9/24	9/25	9/26	9/27	9/28	9/29	9/30	10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	11/1	11/2	11/3	11/4	11/5	11/6	11/7	11/8	11/9	11/10	11/11	11/12	11/13	11/14	11/15	11/16	11/17	11/18	11/19	11/20	11/21	11/22	11/23	11/24	11/25	11/26	11/27	11/28	11/29	11/30	12/1	12/2	12/3	12/4	12/5	12/6	12/7	12/8	12/9	12/10	12/11	12/12	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	12/27	12/28	12/29	12/30	12/31

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Pos.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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[The page contains extremely faint, illegible text, likely bleed-through from the reverse side.]

一、凡在本行存款之存款人，其存款之利息，均按本行所定之利率计算。

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NYSE

Wednesday's 4 P.M. Close

(Continued)

Year	Month	Low	Shock	Dir	Way	PE	1990	Low	Low/Latest
1989	12	25	0.04	0.00	3.5	1.2	19	311	30%
1990	1	25	0.04	0.00	3.5	1.2	19	311	30%
1990	2	25	0.04	0.00	3.5	1.2	19	311	30%
1990	3	25	0.04	0.00	3.5	1.2	19	311	30%
1990	4	25	0.04	0.00	3.5	1.2	19	311	30%
1990	5	25	0.04	0.00	3.5	1.2	19	311	30%
1990	6	25	0.04	0.00	3.5	1.2	19	311	30%
1990	7	25	0.04	0.00	3.5	1.2	19	311	30%
1990	8	25	0.04	0.00	3.5	1.2	19	311	30%
1990	9	25	0.04	0.00	3.5	1.2	19	311	30%
1990	10	25	0.04	0.00	3.5	1.2	19	311	30%
1990	11	25	0.04	0.00	3.5	1.2	19	311	30%
1990	12	25	0.04	0.00	3.5	1.2	19	311	30%
1991	1	25	0.04	0.00	3.5	1.2	19	311	30%
1991	2	25	0.04	0.00	3.5	1.2	19	311	30%
1991	3	25	0.04	0.00	3.5	1.2	19	311	30%
1991	4	25	0.04	0.00	3.5	1.2	19	311	30%
1991	5	25	0.04	0.00	3.5	1.2	19	311	30%
1991	6	25	0.04	0.00	3.5	1.2	19	311	30%
1991	7	25	0.04	0.00	3.5	1.2	19	311	30%
1991	8	25	0.04	0.00	3.5	1.2	19	311	30%
1991	9	25	0.04	0.00	3.5	1.2	19	311	30%
1991	10	25	0.04	0.00	3.5	1.2	19	311	30%
1991	11	25	0.04	0.00	3.5	1.2	19	311	30%
1991	12	25	0.04	0.00	3.5	1.2	19	311	30%
1992	1	25	0.04	0.00	3.5	1.2	19	311	30%
1992	2	25	0.04	0.00	3.5	1.2	19	311	30%
1992	3	25	0.04	0.00	3.5	1.2	19	311	30%
1992	4	25	0.04	0.00	3.5	1.2	19	311	30%
1992	5	25	0.04	0.00	3.5	1.2	19	311	30%
1992	6	25	0.04	0.00	3.5	1.2	19	311	30%
1992	7	25	0.04	0.00	3.5	1.2	19	311	30%
1992	8	25	0.04	0.00	3.5	1.2	19	311	30%
1992	9	25	0.04	0.00	3.5	1.2	19	311	30%
1992	10	25	0.04	0.00	3.5	1.2	19	311	30%
1992	11	25	0.04	0.00	3.5	1.2	19	311	30%
1992	12	25	0.04	0.00	3.5	1.2	19	311	30%
1993	1	25	0.04	0.00	3.5	1.2	19	311	30%
1993	2	25	0.04	0.00	3.5	1.2	19	311	30%
1993	3	25	0.04	0.00	3.5	1.2	19	311	30%
1993	4	25	0.04	0.00	3.5	1.2	19	311	30%
1993	5	25	0.04	0.00	3.5	1.2	19	311	30%
1993	6	25	0.04	0.00	3.5	1.2	19	311	30%
1993	7	25	0.04	0.00	3.5	1.2	19	311	30%
1993	8	25	0.04	0.00	3.5	1.2	19	311	30%
1993	9	25	0.04	0.00	3.5	1.2	19	311	30%
1993	10	25	0.04	0.00	3.5	1.2	19	311	30%
1993	11	25	0.04	0.00	3.5	1.2	19	311	30%
1993	12	25	0.04	0.00	3.5	1.2	19	311	30%
1994	1	25	0.04	0.00	3.5	1.2	19	311	30%
1994	2	25	0.04	0.00	3.5	1.2	19	311	30%
1994	3	25	0.04	0.00	3.5	1.2	19	311	30%
1994	4	25	0.04	0.00	3.5	1.2	19	311	30%
1994	5	25	0.04	0.00	3.5	1.2	19	311	30%
1994	6	25	0.04	0.00	3.5	1.2	19	311	30%
1994	7	25	0.04	0.00	3.5	1.2	19	311	30%
1994	8	25	0.04	0.00	3.5	1.2	19	311	30%
1994	9	25	0.04	0.00	3.5	1.2	19	311	30%
1994	10	25	0.04	0.00	3.5	1.2	19	311	30%
1994	11	25	0.04	0.00	3.5	1.2	19	311	30%
1994	12	25	0.04	0.00	3.5	1.2	19	311	30%
1995	1	25	0.04	0.00	3.5	1.2	19	311	30%
1995	2	25	0.04	0.00	3.5	1.2	19	311	30%
1995	3	25	0.04	0.00	3.5	1.2	19	311	30%
1995	4	25	0.04	0.00	3.5	1.2	19	311	30%
1995	5	25	0.04	0.00	3.5	1.2	19	311	30%
1995	6	25	0.04	0.00	3.5	1.2	19	311	30%
1995	7	25	0.04	0.00	3.5	1.2	19	311	30%
1995	8	25	0.04	0.00	3.5	1.2	19	311	30%
1995	9	25	0.04	0.00	3.5	1.2	19	311	30%
1995	10	25	0.04	0.00	3.5	1.2	19	311	30%
1995	11	25	0.04	0.00	3.5	1.2	19	311	30%
1995	12	25	0.04	0.00	3.5	1.2	19	311	30%
1996	1	25	0.04	0.00	3.5	1.2	19	311	30%
1996	2	25	0.04	0.00	3.5	1.2	19	311	30%
1996	3	25	0.04	0.00	3.5	1.2	19	311	30%
1996	4	25	0.04	0.00	3.5	1.2	19	311	30%
1996	5	25	0.04	0.00	3.5	1.2	19	311	30%
1996	6	25	0.04	0.00	3.5	1.2	19	311	30%
1996	7	25	0.04	0.00	3.5	1.2	19	311	30%
1996	8	25	0.04	0.00	3.5	1.2	19	311	30%
1996	9	25	0.04	0.00	3.5	1.2	19	311	30%
1996	10	25	0.04	0.00	3.5	1.2	19	311	30%
1996	11	25	0.04	0.00	3.5	1.2	19	311	30%
1996	12	25	0.04	0.00	3.5	1.2	19	311	30%
1997	1	25	0.04	0.00	3.5	1.2	19	311	30%
1997	2	25	0.04	0.00	3.5	1.2	19	311	30%
1997	3	25	0.04	0.00	3.5	1.2	19	311	30%
1997	4	25	0.04	0.00	3.5	1.2	19	311	30%
1997	5	25	0.04	0.00	3.5	1.2	19	311	30%
1997	6	25	0.04	0.00	3.5	1.2	19	311	30%
1997	7	25	0.04	0.00	3.5	1.2	19	311	30%
1997	8	25	0.04	0.00	3.5	1.2	19	311	30%
1997	9	25	0.04	0.00	3.5	1.2	19	311	30%
1997	10	25	0.04	0.00	3.5	1.2	19	311	30%
1997	11	25	0.04	0.00	3.5	1.2	19	311	30%
1997	12	25	0.04	0.00	3.5	1.2	19	311	30%
1998	1	25	0.04	0.00	3.5	1.2	19	311	30%
1998	2	25	0.04	0.00	3.5	1.2	19	311	30%
1998	3	25	0.04	0.00	3.5	1.2	19	311	30%
1998	4	25	0.04	0.00	3.5	1.2	19	311	30%
1998	5	25	0.04	0.00	3.5	1.2	19	311	30%
1998	6	25	0.04	0.00	3.5	1.2	19	311	30%
1998	7	25	0.04	0.00	3.5	1.2	19	311	30%
1998	8	25	0.04	0.00	3.5	1.2	19	311	30%
1998	9	25	0.04	0.00	3.5	1.2	19	311	30%
1998	10	25	0.04	0.00	3.5	1.2	19	311	30%
1998	11	25	0.04	0.00	3.5	1.2	19	311	30%
1998	12	25	0.04	0.00	3.5	1.2	19	311	30%
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1999	3	25	0.04	0.00	3.5	1.2	19	311	30%
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1999	7	25	0.04	0.00	3.5	1.2	19	311	30%
1999	8	25	0.04	0.00	3.5	1.2	19	311	30%
1999	9	25	0.04	0.00	3.5	1.2	19	311	30%
1999	10	25	0.04	0.00	3.5	1.2	19	311	30%
1999	11	25	0.04	0.00	3.5	1.2	19	311	30%
1999	12	25	0.04	0.00	3.5	1.2	19	311	30%
2000	1	25	0.04	0.00	3.5	1.2	19	311	30%
2000	2	25	0.04	0.00	3.5	1.2	19	311	30%
2000	3	25	0.04	0.00	3.5	1.2	19	311	30%
2000	4	25	0.04	0.00	3.5	1.2	19	311	30%
2000	5	25	0.04	0.00	3.5	1.2	19	311	30%
2000	6	25	0.04	0.00	3.5	1.2	19	311	30%
2000	7	25	0.04	0.00	3.5	1.2	19	311	30%
2000	8	25	0.04	0.00	3.5	1.2	19	311	30%
2000	9	25	0.04	0.00	3.5	1.2	19	311	30%
2000	10	25	0.04	0.00	3.5	1.2	19	311	30%
2000	11	25	0.04	0.00	3.5	1.2	19	311	30%
2000	12	25	0.04	0.00	3.5	1.2	19	311	30%
2001	1	25	0.04	0.00	3.5	1.2	19	311	30%
2001	2	25	0.04	0.00	3.5	1.2	19	311	30%
2001	3	25	0.04	0.00	3.5	1.2	19	311	30%
2001	4	25	0.04	0.00	3.5	1.2	19	311	30%
2001	5	25	0.04	0.00	3.5	1.2	19	311	30%
2001	6	25	0.04	0.00	3.5	1.2	19	311	30%
2001	7	25	0.04	0.00	3.5	1.2	19	311	30%
2001	8	25	0.04	0.00	3.5	1.2	19	311	30%
2001	9	25	0.04	0.00	3.5	1.2	19	311	30%
2001	10	25	0.04	0.00	3.5	1.2	19	311	30%
2001	11	25	0.04	0.00	3.5	1.2	19	311	30%
2001	12	25	0.04	0.00	3.5	1.2	19	311	30%
2002	1	25	0.04	0.00	3.5	1.2	19	311	30%
2002	2	25	0.04	0.00	3.5	1.2	19	311	30%
2002	3	25	0.04	0.00	3.5	1.2	19	311	30%
2002	4	25	0.04	0.00	3.5	1.2	19	311	30%
2002	5	25	0.04	0.00	3.5	1.2			

Year	Country	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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12 Month		Stock	Div	Yld	PE	52s		Low	Latest C
High	Low					100s	High		
19%	11%	PlaytB	-	43	163	15%	15%	15%	15%
17%	9%	PlaytP	-	43	1389	16%	16%	16%	16%
34%	23%	PharmCA	2.28	8.5	28	572	27%	26%	26%
9%	1%	Phuma	-	dd	213	14%	1%	1%	1%
34%	11%	PogoPd	.12	1.1	dd	2541	11%	d10%	10%
						2587	15%	14%	15%

[illegible][illegible]

	12 Month	Stock	Div	Yld	PE	52w	High	Low	Latest	Chg
7/16	2 1/4	RoytAppl	-	-	26	373	47 1/2	4 1/2	4 1/2	
44 1/2	37	RoytBk g	1.48	8.3	-	141	50 1/2	49 1/2	50 1/2	
27 1/2	24 1/2	RBSc prP	2.13	8.3	-	129	25 1/2	25 1/2	25 1/2	
25 1/2	23 1/2	RBSc prG	1.85	8.4	-	223	25 1/2	24 1/2	24 1/2	
27 1/2	25 1/2	RBSc prX	2.13	7.3	-	91	27 1/2	27 1/2	27 1/2	
45 1/2	13	RytCorb s	3.64	1.2	16	655	30 1/2	29 1/2	30	

12/24/94		12/23/94		12/22/94		12/21/94		12/20/94		12/19/94		12/18/94		12/17/94		12/16/94		12/15/94		12/14/94		12/13/94		12/12/94		12/11/94		12/10/94		12/09/94		12/08/94		12/07/94		12/06/94		12/05/94		12/04/94		12/03/94		12/02/94		12/01/94		11/30/94		11/29/94		11/28/94		11/27/94		11/26/94		11/25/94		11/24/94		11/23/94		11/22/94		11/21/94		11/20/94		11/19/94		11/18/94		11/17/94		11/16/94		11/15/94		11/14/94		11/13/94		11/12/94		11/11/94		11/10/94		11/09/94		11/08/94		11/07/94		11/06/94		11/05/94		11/04/94		11/03/94		11/02/94		11/01/94		10/31/94		10/30/94		10/29/94		10/28/94		10/27/94		10/26/94		10/25/94		10/24/94		10/23/94		10/22/94		10/21/94		10/20/94		10/19/94		10/18/94		10/17/94		10/16/94		10/15/94		10/14/94		10/13/94		10/12/94		10/11/94		10/10/94		10/09/94		10/08/94		10/07/94		10/06/94		10/05/94		10/04/94		10/03/94		10/02/94		10/01/94		09/30/94		09/29/94		09/28/94		09/27/94		09/26/94		09/25/94		09/24/94		09/23/94		09/22/94		09/21/94		09/20/94		09/19/94		09/18/94		09/17/94		09/16/94		09/15/94		09/14/94		09/13/94		09/12/94		09/11/94		09/10/94		09/09/94		09/08/94		09/07/94		09/06/94		09/05/94		09/04/94		09/03/94		09/02/94		09/01/94		08/31/94		08/30/94		08/29/94		08/28/94		08/27/94		08/26/94		08/25/94		08/24/94		08/23/94		08/22/94		08/21/94		08/20/94		08/19/94		08/18/94		08/17/94		08/16/94		08/15/94		08/14/94		08/13/94		08/12/94		08/11/94		08/10/94		08/09/94		08/08/94		08/07/94		08/06/94		08/05/94		08/04/94		08/03/94		08/02/94		08/01/94		07/31/94		07/30/94		07/29/94		07/28/94		07/27/94		07/26/94		07/25/94		07/24/94		07/23/94		07/22/94		07/21/94		07/20/94		07/19/94		07/18/94		07/17/94		07/16/94		07/15/94		07/14/94		07/13/94		07/12/94		07/11/94		07/10/94		07/09/94		07/08/94		07/07/94		07/06/94		07/05/94		07/04/94		07/03/94		07/02/94		07/01/94		06/30/94		06/29/94		06/28/94		06/27/94		06/26/94		06/25/94		06/24/94		06/23/94		06/22/94		06/21/94		06/20/94		06/19/94		06/18/94		06/17/94		06/16/94		06/15/94		06/14/94		06/13/94		06/12/94		06/11/94		06/10/94		06/09/94		06/08/94		06/07/94		06/06/94		06/05/94		06/04/94		06/03/94		06/02/94		06/01/94		05/31/94		05/30/94		05/29/94		05/28/94		05/27/94		05/26/94		05/25/94		05/24/94		05/23/94		05/22/94		05/21/94		05/20/94		05/19/94		05/18/94		05/17/94		05/16/94		05/15/94		05/14/94		05/13/94		05/12/94		05/11/94		05/10/94		05/09/94		05/08/94		05/07/94		05/06/94		05/05/94		05/04/94		05/03/94		05/02/94		05/01/94		04/30/94		04/29/94																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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[illegible]

12 Month		Stock	Div	Yld	PE	100s	High	Low	Latest	Ch
High	Low									
17 1/2	7	SoaAfrica	2016	33.9	q	1.40	9 3/4	9 3/4	9 3/4	
21 1/8	2 3/4	SouthCon	1.34	4.5	17	5999	29 1/4	29 1/4	29 1/4	
16 1/8	8 1/4	SPeRC	.51c	4.3	q	3.60	17 1/4	17 1/4	11 1/8	
22 1/2	14 1/2	SoUnCo	st.171		61	1.25	20 3/4	20 3/4	20 3/4	
23 1/4	15	SweStAlts	.03	.1	21	16552	27 1/4	27 1/4	27 1/4	
25	17 1/8	SweStAlts	.82	5.4	15	529	24	23 3/4	23 3/4	
26	34 1/4	SWtBot	48	1.72	67	1.00	25 1/4	25 1/4	25 1/4	

[illegible][illegible]

High	Low	STOCK	UNIT	TR	PER	PERCENT	UNIT	TR	PER
26 1/2	24 1/4	TVA 28 n	1.69	6.5		170	25 1/4	25 1/4	25 1/4
26 1/2	24 1/4	Tappan 1.80	6.9		15	171	26 1/4	26 1/4	26 1/4
26 1/2	24 1/4	Teddy			21	232	25 1/4	25 1/4	25 1/4
26 1/2	24 1/4	Tenex			26	1029	26 1/4	26 1/4	26 1/4
26 1/2	24 1/4	Tenex			71	6818	25 1/4	25 1/4	25 1/4
26 1/2	24 1/4	Tenex			5	258	11 1/4	11 1/4	11 1/4
26 1/2	24 1/4	Tenex			10	309	29	28 1/4	28 1/4
26 1/2	24 1/4	Tenex			12	757	13	12 1/4	12 1/4

[illegible][illegible]

V-W-X									
54%	33%	VF Co	84	1.7	16	2005	49%	48%	48%
31%	15%	VaultCard	-	-	24	371	24%	23%	24%
45	29%	Vadomax	-	-	21	1996	42%	41%	42%
34%	17%	Vadaro	32	1.6	12	1308	20%	20%	20%
36	23%	VdyBcs	1.00	3.4	17	718	29%	28%	29%
42%	25%	VdyBcs	42	1.3	21	817	34%	33%	33%

[illegible]

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	
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Analysts Expect Same Out of Automakers

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ASIA/PACIFIC

Cathay and Northwest Both Quit PAL Talks

Compiled by Our Staff From Dispatches

MANILA — Cathay Pacific Airways Ltd. and Northwest Airlines Inc. have broken off talks to buy a stake in Philippine Airlines Inc., the debt-strapped carrier said Wednesday, leaving it in search of another partner to save it from collapse.

Cathay, the Hong Kong-based carrier, said it had withdrawn from negotiations to buy a controlling stake because of fundamental disagreements over management control, job cuts and other issues.

The chief financial officer of the Philippine flag carrier, Jaime Bautista, also said talks with another potential investor, Northwest Airlines Inc., "fizzled out" after Cathay reached a preliminary agreement Nov. 10 to buy a 40 percent stake and take management control of the airline.

But Philippine Airlines said late Wednesday that it was resuming talks with an unidentified foreign investor. The airline also said that an unidentified local group was offer-

ing to infuse \$90 million of the \$150 million the airline says it needs to reorganize and make itself viable.

Some analysts said Northwest or Cathay might resume negotiations, seeking more favorable terms.

Still, an analyst said the carrier, which is the oldest in Asia and which stopped flying briefly in September, could well be forced to shut down for good.

"It doesn't surprise me at the end of the day," said Ian Wild of SG Securities in Hong Kong, "that people should look closely at Philippine Airlines and decide that the existing business is irretrievable."

"The inevitable may end up happening," he said. "The Philippine Airlines company may well disappear."

Analysts and officials said the

sticking point in the talks with Cathay was the Hong Kong airline's intention to dismiss a large number of PAL's 8,000 workers.

Cathay said that there were also differences over the valuation of the airline and over management control.

In September, during the brief shutdown of Philippine Airlines, the carrier's biggest labor union agreed to accept a management offer of 20 percent equity in exchange for a 10-year freeze on strikes and labor bargaining.

That agreement allowed the airline to resume flying. Cathay later provisionally agreed to invest up to \$100 million in the airline in return for management control and up to 40 percent of equity.

(Reuters, Bloomberg)

Analysts Expect Samsung To Get Out of Automaking

Agence France-Press

SEOUL — Samsung Group is planning to shed its fledgling automaking unit in a business swap with the electronics unit of Daewoo Group, industry analysts said Wednesday.

Under the expected deal, reported in local news media but not confirmed by the companies, Daewoo would take over the unprofitable Samsung Motors Inc., while Samsung would swallow up debt-laden Daewoo Electronics Co.

Such a deal, after the purchase of Kia Motors Corp. by Hyundai Motor Co., would leave the country with only two major vehicle makers, Daewoo and Hyundai, and two top electronics makers, Samsung and LG Electronics.

If realized, it would be a key-stone of what is known as the "Big Deal," an economic restructuring aimed at reviving the economy, and would affect the global vehicle and electronics markets, analysts said.

A Samsung spokesman denied it was about to pull out of the auto industry, saying: "We will keep our automaking business."

But Kang Bong Kyun, a presidential economic adviser, said, "Discussions are under way to get Samsung Motors involved in the Big Deal, and there has been progress."

Yonhap news agency quoted aides saying Daewoo Electronics was the candidate for the swap.

Newspapers said President Kim Dae Jung was expected to discuss the reported Samsung-Daewoo swap with representatives of the country's largest conglomerates, or chaebol, when he met with them to discuss corporate restructuring.

Samsung Motors' debt is estimated to be between 3 trillion and 4 trillion won (\$2.4 billion to \$3.2 billion), officials said, adding that Daewoo Electronics' debt was estimated at 3.2 trillion won at the end of 1997.

Australia Trims Main Rate

Compiled by Our Staff From Dispatches

SYDNEY — The Reserve Bank of Australia cut its official interest rate by a quarter-point Wednesday, to 4.75 percent, citing fears of declining economic growth.

However, recent economic indicators suggest growth may exceed earlier forecasts, Ian Macfarlane, governor of the central bank, said.

Slightly stronger than expected third-quarter figures released after the cut appeared to bear that out. In the third quarter, Australia's gross domestic product expanded by 1.0 percent compared with the second quarter and at an annual rate of 5.0 percent.

"With growth bouncing along at about 5 percent, it is clear that even if the economy does slow next year, we still have another quarter or two of solid growth," Grant Fitzner, a senior

economist at HSBC Markets, said.

"Some decline in growth is unavoidable, given the international circumstances," Mr. Macfarlane said, calling it "unrealistic" to expect monetary policy to fine-tune growth or inflation next year.

"The continuing good inflation performance, however, and the economy's capacity to grow without generating additional inflationary pressure mean that it is appropriate to offer some additional support to growth through the adoption of a more accommodative monetary policy stance," he said.

Inflation may rise slightly because of the Australian dollar's fall over the past 18 months, he said. But inflation is expected to stay within its target range of 2 percent to 3 percent a year in the medium term.

(Bridge News, AFP)

WTO Says Trade in '98 Has Slowed Sharply

Bloomberg News

GENEVA — Growth in world trade probably fell by more than half this year, the World Trade Organization said Wednesday, as the recession in Japan and Southeast Asia has cut demand for imports.

The growth in the volume of goods has probably slowed to between 4 percent and 5 percent this year — the slowest rate since 1993 — from 10 percent in 1997, the Geneva-based trade organization said in its 1998 annual report. Trade growth should pick up again next year, it said, without making a precise forecast.

The slump in Japan and slowing emerging-market economies have held back world trade more than the WTO expected.

"It is already clear that 1998 will feature sharply lower trade and output growth rates than 1997, but it is more difficult to anticipate the depth or duration of the slowdown," the trade organization said.

Developed countries concerned that they face a flood of cheap imports from nations whose currencies have declined have so far not raised new trade barriers, the WTO said, though it warned that "pressures in this direction may increase."

Investor's Asia

Exchange	Index	Wednesday Close	Previous Close	% Change
Hong Kong Hang Seng		10,955.78	9,975.85	+9.80
Singapore Straits Times		1,383.58	1,388.70	-0.36
Sydney All Ordinaries		2,761.00	2,734.10	+0.96
Tokyo Nikkei 225		14,886.82	14,835.24	+0.34
Kuala Lumpur Composite		526.75	512.75	+2.73
Bangkok SET		343.12	358.18	-4.20
Seoul Composite Index		446.35	445.95	+0.09
Taipei Stock Market Index		7,157.22	7,102.37	+0.77
Manila PSE		1,286.00	1,291.79	-0.45
Jakarta Composite Index		386.86	387.74	-0.23
Wellington NZSE-40		1,331.50	1,350.01	-1.33
Bombay Sensitive Index		2,816.59	2,804.03	+0.45

Source: Reuters

International Herald Tribune

Very briefly:

• Tenaga Nasional Bhd., Malaysia's largest electricity company, will sell a power plant to Powertek Bhd. for 740 million ringgit (\$195.3 million) to cut costs after posting a record loss of 3.09 billion ringgit in the year that ended Aug. 31.

• Pakistan missed a \$13.6 million interest payment on a \$300 million three-year floating-rate note, adding to concern that it could default, bankers said. Pakistan, which has applied for aid from the International Monetary Fund, faces almost \$800 million in payments on government bonds due this month.

• South Korea's net foreign debt narrowed to \$21.11 billion at the end of October due to rising foreign currency reserves. Companies and the government are striving to cut the foreign debt load that pushed the country into recession and led to a \$60 billion IMF-led rescue package last year.

• Toyota Motor Corp. will set up a holding company by March 2001 and effectively absorb Daihatsu Motor Co. and Hino Motors Ltd., the Yomiuri Shimbun said. AFP, Bloomberg

ANTITRUST: High Hurdles for Exxon Mobil

Continued from Page 13

companies have retained two of Washington's largest law firms to handle antitrust issues before the Federal Trade Commission. Exxon has hired Covington & Burling, and the team will be led by Charles Rule, a former head of the Justice Department's antitrust division. Mobil has retained Hogan & Hartson, and its team will be led by Janet McDavid, the incoming chairman of the American Bar Association's section on antitrust law.

At Georgetown University, Ms. McDavid was a law student of Robert Pitofsky, who is now the chairman of the trade commission; she also was a member of a Pentagon task force on antitrust issues that he headed. Both Ms. McDavid and Mr. Pitofsky served on President Bill Clinton's transition team in 1992.

Not surprisingly, Exxon and Mobil have been big players on the Washington political scene, although antitrust lawyers said that members of the trade agency's staff who review mergers have to be insulated from political pressure. The most recent statistics, for 1997, show that Mobil spent \$5.3 million on lobbying and Exxon spent \$5.2 million.

Even before the announcement Tuesday, some consumer and industry groups announced their intention to challenge the companies on antitrust grounds, and state officials announced their intention to begin a broad inquiry. "We're beginning an investigation in coordination with other states," said Richard Blumenthal, the attorney general of Connecticut and head of the antitrust section of the National Association of Attorneys General.

"Our concern is, this combination of two giants, even if it is designed to increase their strength globally, could have an immense impact on consumers on Main Street," he said. "Exxon and Mobil were created as part of the breakup of the Standard Oil monopoly, the very reason we have today's antitrust laws."

Still, Mr. Kaplan and other antitrust experts predicted that the antitrust issues would not block the deal, a sign of the transformation of the oil industry since it was controlled by the innovative trusts devised by Mr. Rockefeller at the end of the last century.

Lawyers and analysts said significant divestitures might be required in the retailing and marketing ends of the business and in the production of petrochemicals and lubricants but that the deal could ultimately be approved by regulators.

The area of the business least vulnerable to antitrust action is in oil exploration, where competition is robust, and governments play a large role in setting prices and significant technological innovations in drilling have sharply lowered the capital costs that once posed a formidable barrier to newcomers.

U.S. antitrust law has been shaped by trends in the oil industry.

The Supreme Court's most notable ruling in the field came in 1911, when the court divided Mr. Rockefeller's Standard Oil into 34 companies by interpreting the Sherman Antitrust Act as prohibiting any business combination that unreasonably restrained trade and was not in the public interest.

The decision prompted the court's sole dissenter, Justice John Harlan, to complain that the court had put "words into the antitrust act which Congress did not put there."

Two of the biggest surviving pieces were Standard Oil of New Jersey — later renamed Exxon — and Standard Oil of New York — later Mobil.

They came under government scrutiny again after World War II, with the completion of a detailed analysis by the trade commission called "The International Petroleum Cartel."

In 1953, President Dwight Eisenhower's administration filed the Oil Cartel case, contending that the two Standard Oils and three other compa-

nies were participating in an "unlawful combination and conspiracy to restrain interstate and foreign commerce of the United States in petroleum and products."

Seven years later, Standard Oil of New Jersey signed a consent decree as part of the oil cartel cases in which it agreed to not join forces with the leading competitors in the world oil market, including Standard Oil of New York.

That agreement also broke up the two companies' joint ownership of Standard Vacuum Oil Co., a leading producer and refiner of oil in Asia. The consent decree lasted 25 years, expiring in 1985.

"It was one of the largest divestitures of that time," said Robert Bicks, a lawyer who was an assistant attorney general in charge of the Justice Department's antitrust division in the Eisenhower and Kennedy administrations.

"It was the first of the foreign commerce cases that recognized the connection between what happens abroad in the oil business and prosperity and competition here."

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INTERNATIONAL INVESTING

Clubs Try to Score With Stock

Spanish Soccer Teams Look to Markets for Financing

MADRID—Stock market flotation is seen as a golden opportunity by a clutch of Spanish soccer clubs, but the experience at British clubs suggests that success is harder to achieve on the market than on the pitch.

Despite the national team's ignominious first round exit from this year's World Cup, Spain's first division is rated among the top three or four leagues in the world, and some of its smaller members have big ideas.

Valladolid is one of several medium-sized clubs seeking to raise capital by a stock market flotation, inspired by Manchester United and some 20 other listed British clubs.

"Listing on the bourse is common in any other kind of business and for football clubs in other countries," said Valladolid's spokesman, Mariano Mancebo Rojo.

"We've taken all the necessary steps, and gone through all the audits that the stock market commission demands, and what we want is to list as soon as possible."

The problem for Valladolid and clubs like Atletico Madrid and Espanyol, which have said they are considering flotation, is a legal wrangle over whether they are allowed under current law to list on the market.

"Even under this law I think there are legal forms that could allow a football club to quote without breaking the law," Mancebo Rojo said. "We've presented our dossier to the commission, but for the moment they've not given us the green light."

The relevant authorities disagree with Valladolid.

Spain's sports council, the Consejo Superior de Deportes, is negotiating with the stock-market commission and the Economy Ministry over how to change the laws on limited sporting companies to make them like other limited companies.

"The necessary legal changes need the approval of the cabinet and Parliament," said Consejo spokesman Luis Lucio. "But I think by next year it should be possible for clubs to float."

But analysts question whether Spanish clubs are ready for flotation anyway, in terms

of business transparency. And unlike in Britain, it is not the top Spanish clubs that want to float. Real Madrid and Barcelona, the only two with the business clout to rival other European giants like Manchester United, Liverpool and AC Milan, have said they nurture no ambitions for the stock market.

And on the London market, only the biggest clubs have proved attractive to investors.

"What we've found in the U.K. and Italy, and I guess Spain, too, is initial enthusiasm, but I think ultimately it'll be followed very quickly by disillusionment," said Paul Wedge, soccer specialist at London stock-brokers Collins Stewart.

"If you're looking at conventional measures in terms of bottom-line profit, I can't think of any clubs at the moment which look to be profitable enough to justify the current market capitalization, other than Manchester United," he said.

Despite good revenue from television rights, ticket sales, merchandising and sponsorship, soccer clubs tend to make little profit because they face spiraling wage costs, he said.

"We've seen 20 percent compound wage inflation in the last three years," Mr. Wedge said. "It's very heavily loaded in favor of the player, and the player can be a complete dog. It's not a game for investors."

He said the average capital raised by club flotations in Britain had been \$6 million to \$10 million (\$9.92 million to \$16.53 million).

"If you raise \$5 million, you think that's a lot of money, but it's basically one player," he said.

The strategies of Spain's top two clubs could offer a better business model.

Barcelona, which is owned by its members rather than being a limited sports company like most smaller Spanish clubs, would never list on the bourse but has big plans to increase revenue.

It has created a separate company called Barca 2000, which could be floated on the stock exchange, to work on a project for a \$264 million leisure complex that would exist to provide money for soccer and other sports teams.

Carefully, Walgreen Plots Its Way to Success

Bloomberg News

DEERFIELD, Illinois—In 1993, Walgreen Co. told Joe Resendez it was closing the Walgreen drug store he managed in a Pasadena, Texas, strip mall and opening a bigger one at a better spot across the street.

Three years later, Walgreen closed that store and opened another one. It was on another corner of the same street, a couple of blocks away. "Some of the customers thought we were going crazy," Mr. Resendez said.

However, with each move, his store's annual sales shot up more than 20 percent.

Such obsession with store location has served Walgreen well. While competitors have been gobbling up other companies to expand and big retailers such as J.C. Penney Co. are buying their way into the business, Walgreen continues to rack up the biggest profit and sales of any U.S. drugstore chain, one store at a time.

"They don't bite off more than they can chew, and everything they do is home-grown," said Martin Bukoll, an analyst for Northern Trust Co., which held 9.7 million Walgreen shares in June. He ranks Walgreen in retailing's top tier, along with Wal-Mart Stores Inc. and Home Depot Inc.

Without acquisitions, Walgreen in the last five years has raised its number of stores by 35 percent, to 2,550, funding them with internally generated cash. Its earnings have almost doubled in that period, to \$511 million in the year that ended Aug. 31 on sales of \$15.31 billion. That was its 24th consecutive year of record sales and earnings.

Walgreen's strategy has been a

hit with investors. Its shares have risen 73 percent this year, compared with a 23 percent rise in the Standard & Poor's 500 Index. Walgreen's performance ranks it 26th among the 500 stocks in the index and outshines the likes of Time Warner Inc. and International Business Machines Corp. Walgreen was down 25 cents at \$52.75 in early trading Wednesday.

The challenge for the company now is to continue its growth as it

will continue to go about its business as methodically as a pharmacist filling a prescription. It will put stores on the busiest intersections in town, with plenty of free parking, amenities such as drive-through prescription service and, increasingly, 24-hour operations.

And it will stay away from strip malls where a Wal-Mart or big supermarket may be lurking. About half of Walgreen's stores are "free standing," or physically isolated

improve many of the stores they have bought. CVS is converting 2,600 former Revco stores, while Rite Aid is revamping about 1,300 acquired outlets.

"They've grown very fast, but they've also had to pay for it," Mr. Leckow said at Barrington Research.

In Mr. Jorndt's view, a lot of the stores his rivals are buying aren't worth sprucing up. "We don't think there's much future in strip centers," he said.

Walgreen hasn't made an acquisition since 1986—and it has entered 43 new markets since 1992. Many of those were in Southern and West Coast states that are havens for U.S. retirees.

"This graying of America fits right into Walgreen's hands," Mr. Bukoll of Northern Trust said.

Walgreen is also outdoing most of its competitors in adopting technology, analysts say. A computerized system allows its customers to fill prescriptions at any Walgreen store. Walgreen's prescription sales have grown to 50 percent of its total, from 41 percent five years ago.

In addition, cost cuts generated through technology and other means enable Walgreen to make a profit while meeting demands from health-maintenance organizations and other groups for cheaper prescriptions. Such third-party payers accounted for about 80 percent of Walgreen's prescription sales last year, compared with 30 percent a decade ago.

All of this pays off, Mr. Bukoll of Society Asset Management said. "You have a bunch of pharmacists running this company," he said, "and they understand how this business is run."

from other retailers, a concept invented by the company.

"They were laughed at initially," but rivals now are doing the same thing, said Thomas Buynak, an analyst at Society Asset Management.

CVS, Rite Aid and Walgreen all have more stores than Walgreen. But Walgreen gets much more out of each store than its rivals. Last year its stores averaged \$6 million in sales, compared with \$3.3 million for CVS and \$2.9 million for Rite Aid.

"Walgreen has a tremendous amount of confidence in its ability to go into a market and find the right spot," said Derek Leckow, an analyst with Barrington Research in Chicago.

If the right spot isn't available, Walgreen will wait. Paducah, Kentucky, is a market it wants to enter, for example. It hasn't, though, because the busiest corner in town is taken—and that's the only site Walgreen will consider.

Walgreen's rivals are spending to

market sector consolidates into fewer and more powerful hands.

CVS Corp. has used acquisitions of Revco and other drugstore chains to become a close second to Walgreen in sales. Rite Aid Corp., the third-largest company in the business, has grown to \$11.4 billion in sales. J.C. Penney Co. bought the Eckerd drugstore chain, the fourth-largest, almost two years ago and last week agreed to acquire Genovese Drug Stores Inc.

Jeff Parker, an assistant portfolio manager with Eagle Asset Management, said he wondered whether the more concentrated competition would allow Walgreen to continue this rapid store expansion. Walgreen is one of Eagle's 10 largest holdings.

David Jorndt, Walgreen's chief executive and president, said he saw no reason to doubt its strategy.

"We think being convenient is the best way," Mr. Jorndt said.

What he means is that Walgreen

Walgreen's rivals are spending to

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SPORTS

Rangers Win In Overtime After Goal at Last Second

The Associated Press

NEW YORK — With less than two minutes left in the New York Rangers game with Florida, fans were leaving Madison Square Garden. Their team trailed by a goal and was playing short-handed.

But as the fans left, the Rangers started scoring. When it ended, New York had a 5-4 victory in overtime Tuesday night.

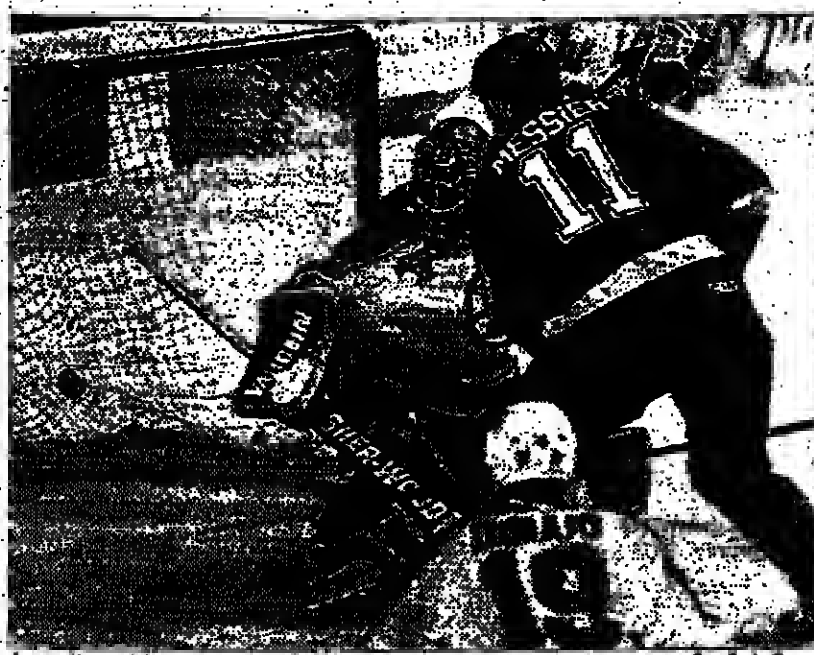
The Panthers were leading, 4-3, but lost their one-man advantage when Robert Svehla was called for hooking.

NHL Roundup

with 39 seconds left. Then they lost the lead when Brian Leetch scored with one second left, after the Rangers pulled goalie Mike Richter to give them a 5-on-4 advantage on the open ice.

Adam Graves completed the Rangers' comeback by scoring his second goal of the night and 10th of the season on a deflection of a shot by Wayne Gretzky at 2:10 of overtime.

Dave Gagner and Radek Dvorak scored for the Panthers in the first period. Gretzky beat the Panthers' goalie, Sean Burke, on a slap shot in the second period, and John MacLean scored to tie



Mark Messier scoring for Vancouver against Boston goalie Byron Dore.

the game, both on power plays. The Panthers regained the lead on a goal by rookie Mark Parrish.

In the third, Graves beat Burke with the Rangers on a power play, and rookie Oleg Kvasha scored on a one-timer in front to put the Panthers ahead 4-3.

Bruins 1, Canucks 1 In Boston, Sergei Samonov scored with 29 seconds remaining in the second period to give the Bruins a tie with Vancouver. The tie extended the Bruins' unbeaten streak to six games, while the Canucks broke a five-game losing streak.

Devils 4, Capitals 0 Martin Brodeur stopped 22 shots for his second shutout of the season as the Devils won in Washington. Jason Arnott, Jay Pan-

dolfo, Denis Pederson and Bobby Holik each scored for the Devils. The victory moved New Jersey into first place in the Eastern Conference.

Mighty Ducks 4, Penguins 4 In Pittsburgh, Martin Straka's 14th goal midway through the third period gave the Penguins a tie with Anaheim.

Pittsburgh's Jaromir Jagr scored twice to end a 10-game goal drought, the longest since his rookie season in 1990-91.

Senators 3, Predators 1 Daniel Alfredsson had a goal and an assist to lead Ottawa to victory in Nashville.

He scored on a wrist shot from the slot at 4:53 of the second period and assisted on Radek Bonk's first-period goal.

Palmeiro Deserts to the Rangers

First Baseman Spurns Bigger Orioles' Offer; Ventura Leans to Mets

The Associated Press

On a busy day of high finance in baseball, Rafael Palmeiro spurned a better offer from Baltimore to return to the Texas Rangers, and Robin Ventura got ready to join the New York Mets.

Palmeiro signed a \$45 million, five-year contract with the Rangers on Tuesday even though the Orioles had offered \$50 million. Ventura worked out a \$32 million, four-year deal with the New York Mets.

In addition to the free-agent signings, there was also a three-way trade, the kind that is rarely seen in the free-agent era. The Mets sent a catcher, Todd Hundley, and a minor league pitcher, Arnold Gooch, to the Los Angeles Dodgers for another catcher, Charles Johnson, and an outfielder, Roger Cedeno, and then traded Johnson to the Orioles for Armando Benitez, a relief pitcher.

"It's been a day of highs and lows, ups and downs," said Frank Wren, the Orioles' general manager. He began the day by signing Albert Belle to a \$65 million, five-year deal, then found out that Palmeiro had turned down the Orioles' offer to stay with the team.

Ventura, who ended negotiations Tuesday with the team he has been playing for, the Chicago White Sox, has not yet finalized his deal with the Mets.

A pair of sources familiar with the negotiations, speaking on the condition that they not be identified, confirmed that the third baseman had agreed to a contract with the Mets averaging \$8 million annually. Both sides still had to

agree on how to structure the contract and other details.

"We are hopeful we have made a significant enough offer that shows our interest," said Steve Phillips, the Mets' general manager. "We would like to have him in a Mets uniform. I'm hopeful."

New York cleared a logjam with the trade. Hundley, who is to be paid \$5.2 million next season and \$6 million in 2000, became expendable after New York kept Mike Piazza, its star catcher, with a \$91 million, seven-year deal in October.

Hundley struggled last season after returning from the disabled list in July following reconstructive surgery on his right elbow at the end of the 1997 season and playing mostly in the outfield.

He hit just .161 with 3 homers, 12 runs batted in and 55 strikeouts in 124 at-bats, limiting his trade value. Before the injury, Hundley hit a total of 71 homers in 1996 and 1997, with 198 RBIs.

Benitez, who gave up the homer to Tony Fernandez that lost the 1997 American League pennant to Cleveland, went 5-6 with a 3.82 earned run average and 22 saves last season for Baltimore. He will be the right-handed setup man for the Mets' closer, John Franco.

Johnson, 27, came to the Dodgers on May 15 from the Florida Marlins along with Gary Sheffield, Bobby Bonilla, Jim Eisenreich and a minor league pitcher for Piazza and third baseman Todd Zeile. Piazza was traded to the Mets a week later and Zeile wound up

with the Rangers. The four-time Gold Glove catcher played in 133 games with the Marlins and Dodgers this year and hit just .218 with 19 homers and 58 RBIs.

Cedeno, a 24-year-old switch hitter long considered a top prospect, hit .242 this year with two homers and 17 RBIs.

Palmeiro, a first baseman who left Texas after the 1993 season to sign a \$30.35 million, five-year contract with Baltimore, went to The Ballpark in Arlington on Tuesday — without his agent — and accepted a deal that includes yearly salaries of \$9 million, of which \$1 million a season will be deferred.

"It's good to be home," Palmeiro said. "This is where I want to be. This is where I want to finish my career. And this is where I want to win."

His decision ends the Texas career of Will Clark, the first baseman who replaced him five years ago and now could be headed to Boston.

"We had initial interest from a number of teams, but we had focused our attention on Texas, which was Will's first choice," said Clark's agent, Jeff Moorad. "At this point, we'll go back to the other teams that have expressed interest and continue this game of musical chairs."

In other deals, Otis Nixon, an outfielder and leadoff hitter, returned to Atlanta, which also re-signed infielder Ozzie Guillen. Catcher Carlos Hernandez and the San Diego Padres neared agreement on a two-year contract worth about \$10 million.

NBA Owners and Players Set To Return to Negotiating Table

The Associated Press

NEW YORK — The National Basketball Association and its players have agreed to resume talks on the lockout that has prevented the start of the season.

"Somebody had to call eventually, because we eventually had to get back to the bargaining table," Russ Granik, the NBA deputy commissioner, said Tuesday after the sides announced that talks would resume Thursday morning.

It will be the first session involving the full bargaining committees since Nov. 20, when the sides met for nine and a half hours and called it their most productive meeting to date.

But to help set up this new session, the sides agreed to toss out any agreements made Nov. 20.

That means the owners will return to their original position calling for a 50-50 split of revenue, while the players want a 60-40 split. "Everything is negotiable and there's always flexibility," Granik said, "but we need to bring the percentage down and they don't really want to. And that's the problem."

Billy Hunter, the players' union director whose telephone call to the NBA commissioner, David Stern, resulted in the resumption, did not make any public comments.

SCOREBOARD

ICE HOCKEY

NHL Standings

ATLANTIC DIVISION

New Jersey	14	7	2	25	64
Philadelphia	11	7	4	26	48
Pittsburgh	10	6	6	26	57
N.Y. Rangers	7	7	21	61	47
N.Y. Islanders	10	13	8	29	64

NORTHEAST DIVISION

N.Y. Rangers	7	9	7	21	6
N.Y. Islanders	10	13	0	20	5
NORTHEAST DIVISION					
Toronto	13	9	2	28	7

SOUTHEAST DIVISION

Carolina	11	10	2	25	62
Florida	8	9	21	54	60
Washington	7	12	3	17	49
Tampa Bay	14	2	14	48	85

WESTERN DIVISION

Calgary	13	8	0	26	73
Edmonton	12	9	2	25	62
St. Louis	9	13	1	19	54
Nashville	6	14	3	15	48
Chicago	4	14	3	15	48

NORTHWEST DIVISION

Vancouver	12	9	2	25	62
Vancouver	9	13	2	19	54
Colorado	8	11	2	18	53
Calgary	8	12	2	18	53
Phoenix	14	2	2	30	53
Dallas	12	4	3	27	59

BASEBALL

U.S. COLLEGE SCORES

MECH

Nat'l Connecticut (5-0) def. Nat'l West (4-0).
Nat'l Kansas (4-1) def. Nat'l East (3-0).
Nat'l Texas (4-2) def. Penn State (3-4).
Nat'l Oklahoma (4-1) def. Penn State (3-4).
Nat'l Tennessee (4-0) def. Oklahoma (3-1).
Nat'l Arkansas (4-2) def. Missouri (3-0).
Nat'l Iowa (4-0) def. N. Dakota (3-2).
Nat'l Nebraska (3-1) def. N. Dakota (3-2).

BASEBALL

Cal. (4-0) def. N.Y. Yankees (3-1).
Fla. (4-0) def. N.Y. Yankees (3-1).
Fla. (4-0) def. N.Y. Yankees (3-1).
Fla. (4-0) def. N.Y. Yankees (3-1).
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Fla. (4-0) def. N.Y. Yankees (3-1).

BASEBALL

U.S. COLLEGE SCORES

MECH

Nat'l Connecticut (5-0) def. Nat'l West (4-0).
Nat'l Kansas (4-1) def. Nat'l East (3-0).
Nat'l Texas (4-2) def. Penn State (3-4).
Nat'l Oklahoma (4-1) def. Penn State (3-4).
Nat'l Tennessee (4-0) def. Oklahoma (3-1).
Nat'l Arkansas (4-2) def. Missouri (3-0).
Nat'l Iowa (4-0) def. N. Dakota (3-2).
Nat'l Nebraska (3-1) def. N. Dakota (3-2).

BASEBALL

Cal. (4-0) def. N.Y. Yankees (3-1).
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Ho Ho Ho, Merry Panic

Jewish Museum To Open in Paris

Enjoy your panic while you can. It's later than you think.

Scientists Are Sick and Tired of Being Bad Guys

The biologist James Watson, left, the producer David Milch and the astronomer Carolyn Porco.

Milch, who was also the co-creator of "Hill Street Blues," said it would be a challenge to get viewers to sympathize with scientists. The drama he is working on will do

... The third film was not about science at all. The original scientific content, the student director said, was removed from the screenplay to make the picture more "interesting."

PEOPLE

Spielberg Is Off to War Again

The Alvin Ailey American Dance Theater has begun a five-week celebration of its 40th anniversary. The engagement at the City Center in New York will include four world premieres, a new production of Geoffrey Holder's "Prodigal Prince" and the conducting debut of Judith Jamison, the company's artistic director.

Quentin Tarantino has no comment on his estranged father's plea for a reconciliation. Tony Tarantino said over the weekend that he abandoned Quentin's mother while she was pregnant 35 years ago, but that he'd now like to know his famous son and is working as an actor to establish common ground. But Quentin's publicist said: "Quentin Tarantino has no comment. He will not address this issue." The elder



Chris Ofili with his work "Through the Grapevine."



(put on a happy face)

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Belgium	0-800-109-18	Ireland	1-800-530-000	Spain	900-99-11
Czech Republic	00-400-101	Israel	1-800-94-94-94	Sweden	078-735-61
Egypt (Cairo)	510-0-201	Italy	172-101	Switzerland	0800-95-001
France	0-800-97-070	Netherlands	0800-072-911	United Kingdom A	0800-95-001
Germany	0130-0010	Russia (Moscow)	735-5042	United Kingdom A	0800-95-001

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